

**DISCIPLINARY POLICY
OF
CVSRTA REGISTERED VALUERS ASSOCIATION**

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I. Introduction

CVSRTA Registered Valuers Association meets requirements under sub-rule (2) and is recognised as a registered valuers Association for valuation of a specific asset class or asset classes as it has been registered under section 8 of the Companies Act, 2013 (18 of 2013) with the sole object of dealing with matters relating to regulation of valuers of an asset class or asset classes and has in its bye laws the requirements specified in Annexure-III of Companies (Registered Valuers and Valuation) Rules, 2017

II. Objective

CVSRTA Registered Valuers Association has laid down and enforces a code of conduct for valuers who are its members, which includes all the provisions specified in Annexure-I of Companies (Registered Valuers and Valuation) Rules, 2017

III. Scope

Objective of Disciplinary Policy is to conduct disciplinary proceedings against valuers who are its members. Disciplinary Committee consists of at least one member nominated by the authority and Chairperson of the Committee shall be an independent director of the Association.

Disciplinary Policy may not be amended, except in accordance with Companies (Registered Valuers and Valuation) Rules, 2017.

The Grievance Redressal Committee shall refer the matter to the Disciplinary Committee, wherever the grievance warrants disciplinary action.

The Grievance Redressal Policy shall provide for maximum time for the disposal of the grievance by way of dismissal, reference to the Disciplinary Committee or the initiation of mediation.

IV. Definitions

Words and expressions used but not defined in this Policy, and defined in the Act or in the Companies (Specification of Definitions Details) Rules, 2014, shall have the same meanings respectively assigned to them in the Act or in the said rules.

- a. “Act” means the Companies Act, 2013 (18 of 2013);
- b. “authority” means an authority specified by the Central Government under section 458 of the Companies Act, 2013 to perform the functions under these rules;

- c. “asset class” means a distinct group of assets, such as land and building, machinery and equipment, displaying similar characteristics, that can be classified and requires separate set of valuers for valuation;
- d. “certificate of registration” means the certificate of registration granted to a valuer under sub-rule (6) of rule 6 of Companies (Registered Valuers and Valuation) Rules, 2017 and the term “registration” shall be construed accordingly;
- e. “partnership entity” means a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932) or a limited liability partnership registered under the Limited Liability Partnership Act, 2008 (6 of 2009);
- f. “registered valuers Association” means CVSRTA Registered Valuers Association;
- g. “valuation standards” means the standards on valuation the Central Government shall notify and may modify (from time to time) on the recommendations of the Committee set up under rule 19 of Companies (Registered Valuers and Valuation) Rules, 2017.
- h. “valuer” means a person registered with the authority in accordance with these rules and the term “registered valuer” shall be construed accordingly.
- i. “Governing Board” means the Board of Directors or Board of the Association as defined under clause(10) of section 2 of Companies Act, 2013 (18 of 2013);
- j. “relative” shall have the same meaning as assigned to it in clause (77) of section 2 of the Companies Act, 2013 (18 of 2013);

V. Code of Conduct

A. 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.

B. 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.

C. 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.
- (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.

D. Confidentiality

A valuer shall not use or divulge to other clients or any other party any confidential information about the subject company or assignment handled by him, 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.

E. 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 Association 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 Association 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.

F. Gifts and hospitality.

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

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

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.

G. Remuneration and Costs.

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.

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.

H. Occupation, employability and restrictions.

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.

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

VI. Eligibility, Qualifications And Registration Of Valuers

A. Eligibility for registered valuers

(1) A person shall be eligible to be a registered valuer if he-

(a) has passed the valuation examination under rule 5 within three years preceding the date of making an application for registration under rule 6 of Companies (Registered Valuers and Valuation) Rules, 2017;

(b) possesses the qualifications and experience as specified in rule 4 of Companies (Registered Valuers and Valuation) Rules, 2017;

(c) is not a minor;

(d) has not been declared to be of unsound mind;

(e) is not an undischarged bankrupt, or has not applied to be adjudicated as a bankrupt;

(f) is a person resident in India;

Explanation — For the purposes of these rules ‘person resident in India’ shall have the same meaning as defined in clause (v) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999) as far as it is applicable to an individual;

(g) has not been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral

turpitude, and a period of five years has not elapsed from the date of expiry of the sentence:

- (h) Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;
- (i) has not been levied a penalty under section 271J of Income-tax Act, 1961 (43 of 1961) and
- (j) time limit for filing appeal before Commissioner of Income-tax (Appeals) or Income-tax Appellate Tribunal, as the case may be has expired, or such penalty has been confirmed by Income-tax Appellate Tribunal, and five years have not elapsed after levy of such penalty; and
- (k) is a fit and proper person:

Explanation — For determining whether an individual is a fit and proper person under these rules, the authority may take account of any relevant consideration, including but not limited to the following criteria-

- i. integrity, reputation and character,
- ii. absence of convictions and restraint orders, and
- iii. competence and financial solvency.

(2) No partnership entity or company shall be eligible to be a registered valuer if-

- (a) it has been set up for objects other than for rendering professional or financial services, including valuation services and that in the case of a company, it is not a subsidiary, joint venture or associate of another company or body corporate;
- (b) it is undergoing an insolvency resolution or is an undischarged bankrupt;
- (c) all the partners or directors, as the case may be, are not ineligible under clauses (c), (d), (e), (g), (h), (i), (j) and (k) of sub-rule (1) of Companies (Registered Valuers and Valuation) Rules, 2017;
- (d) three or all the partners or directors, whichever is lower, of the partnership entity or company, as the case may be, are not registered valuers; or
- (e) none of its partners or directors, as the case may be, is a registered valuer for the asset class, for the valuation of which it seeks to be a registered valuer.

B. Conditions of Registration

(1) The registration granted is subject to the conditions that the valuer shall –

- (a) at all times possess the eligibility and qualification and experience criteria as specified
- (b) at all times comply with the provisions of the Act , rules and Bye-laws or internal regulations, as the case may be;
- (c) in his capacity as a registered valuer, not conduct valuation of the assets or class(es) of assets other than for which he/it has been registered;
- (d) take prior permission for shifting his/ its membership;
- (e) take adequate steps for redressal of grievances;
- (f) maintain records of each assignment undertaken by him for at least three years from the completion of such assignment;
- (g) comply with the Code of Conduct (as per Annexure-I of Companies (Registered Valuers and Valuation) Rules, 2017);
- (h) in case a partnership entity or company is the registered valuer, allow only the partner or director who is a registered valuer for the asset class(es) that is being valued to sign and act on behalf of it;
- (i) in case a partnership entity or company is the registered valuer, it shall disclose to the company concerned, the extent of capital employed or contributed in the partnership entity or the company by the partner or director, as the case may be, who would sign and act in respect of relevant valuation assignment for the company;
- (j) in case a partnership entity is the registered valuer, be liable jointly and severally along with the partner who signs and acts in respect of a valuation assignment on behalf of the partnership entity;
- (k) in case a company is the registered valuer, be liable along with director who signs and acts in respect of a valuation assignment on behalf of the company;
- (l) in case a partnership entity or company is the registered valuer, immediately inform the authority on the removal of a partner or director, as the case may be, who is a registered valuer along with detailed reasons for such removal; and
- (m) comply with such other conditions as may be imposed by the authority.

C. Conduct of Valuation

- (1) The registered valuer shall, while conducting a valuation, comply with the valuation standards as notified or modified provided that until the valuation standards are notified or modified, a valuer shall make valuations as per internationally accepted valuation standards

- (2) The registered valuer may obtain inputs for his valuation report or get a separate valuation for an asset class conducted from another registered valuer, in which case he shall fully disclose the details of the inputs and the particulars etc. of the other registered valuer in his report and the liabilities against the resultant valuation, irrespective of the nature of inputs or valuation by the other registered valuer, shall remain of the first mentioned registered valuer.
- (3) The valuer shall, in his report, state the following:
 - (a) background information of the asset being valued;
 - (b) purpose of valuation and appointing authority;
 - (c) identity of the valuer and any other experts involved in the valuation;
 - (d) disclosure of valuer interest or conflict, if any;
 - (e) date of appointment, valuation date and date of report;
 - (f) inspections and/or investigations undertaken;
 - (g) nature and sources of the information used or relied upon;
 - (h) procedures adopted in carrying out the valuation and valuation standards followed;
 - (i) restrictions on use of the report, if any;
 - (j) major factors that were taken into account during the valuation;
 - (k) conclusion; and
 - (l) 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.

D. Temporary surrender

- (1) A registered valuer may temporarily surrender his registration certificate in accordance with the bye-laws or regulations, as the case may be and, on such surrender, the valuer shall inform the authority for taking such information on record.
- (2) A registered valuer member shall inform the authority if he has temporarily surrendered his/its membership or revived his/ its membership after temporary surrender, not later than seven days from approval of the application for temporary surrender or revival, as the case may be.

E. Functions of a Valuer

A valuer shall conduct valuation required under the Act as per these rules and he may conduct valuation as per these rules if required under any other law or by any other regulatory authority.

VII. Membership

A. Eligibility for Enrolment

No individual shall be enrolled as a member if he is not eligible to be registered as a registered valuer with the authority:

- (a) Provided that the Governing Board may provide additional eligibility requirements for enrolment:
- (b) Provided further that such additional requirements shall not discriminate on the grounds of religion, race, caste, gender, place of birth or professional affiliation.

B. Duties of Members

- (1) In the performance of his functions, a member shall-
 - (a) act in good faith in discharge of his duties as a registered valuer;
 - (b) discharge his functions with utmost integrity and objectivity;
 - (c) be independent and impartial;
 - (d) discharge his functions with the highest standards of professional competence and professional ethics;
 - (e) continuously upgrade his professional expertise;
 - (f) comply with applicable laws in the performance of his functions; and maintain confidentiality of information obtained in the course of his professional activities unless required to disclose such information by law.
- (2) A member shall submit information about ongoing and concluded engagements as a registered valuer, in the manner and format specified by the Association, at least twice a year stating inter alia, the date of assignment, date of completion and reference number of valuation assignment /valuation report.

VIII. Disciplinary Proceedings

- (1) The Association may initiate disciplinary proceedings by issuing a show-cause notice against members-
 - (a) based on a reference made by the Grievances Redressal Committee;

- (b) based on monitoring of members;
 - (c) following the directions given by the authority or any court of law; or
 - (d) suo moto, based on any information received by it.
- (2) The Association has a Disciplinary Policy, which provides for the following -
- (a) the manner in which the Disciplinary Committee may ascertain facts;
 - (b) the issue of showcause notice based on the facts;
 - (c) disposal of show-cause notice by a reasoned order, following principles of natural justice;
 - (d) timelines for different stages of disposal of show cause notice; and
 - (e) rights and obligations of the parties to the proceedings.
- (3) The orders that may be passed by the Disciplinary Committee shall include-
- (a) expulsion of the member;
 - (b) suspension of the member for a certain period of time;
 - (c) admonishment of the member;
 - (d) imposition of monetary penalty;
 - (e) reference of the matter to the authority, which may include, in appropriate cases, recommendation of the amount of restitution or compensation that may be enforced by the authority; and
 - (f) directions relating to costs.
- (4) The Disciplinary Committee may pass an order for expulsion of a member if it has found that the member has committed-
- (a) an offence under any law for the time being in force, punishable with imprisonment for a term exceeding six months, or an offence involving moral turpitude;
 - (b) a gross violation of the Act, rules, regulations and guidelines issued thereunder, bye-laws or directions given by the Governing Board which renders him not a fit and proper person to continue acting as a registered valuer.
- (5) Any order passed by the Disciplinary Committee shall be placed on the website of the Association within seven days from passing of the said order, with one copy each being provided to each of the parties to the proceeding.

- (6) Monetary penalty received by the Association under the orders of the Disciplinary Committee shall be used for the professional development.
- (7) The Governing Board shall constitute an Appellate Panel consisting of one independent director of the Association, one member each from amongst the persons of eminence having experience in the field of law and field of valuation, and one member nominated by the authority.
- (8) Any person aggrieved of an order of the Disciplinary Committee may prefer an appeal before the Appellate Panel within thirty days from the receipt of a copy of the final order.
- (9) The Appellate Panel shall dispose of the appeal in the manner it deems expedient, within thirty days of the receipt of the appeal.

Surrender of membership and expulsion from membership

A. Temporary Surrender of Membership.

- (1) A member shall make an application for temporary surrender of his membership of the Association at least thirty days before he-
 - (a) becomes a person not resident in India;
 - (b) takes up employment; or
 - (c) starts any business, except as specifically permitted under the Code of Conduct;and upon acceptance of such temporary surrender and on completion of thirty days from the date of application for temporary surrender, the name of the member shall be temporarily struck from the registers of the Association, and the same shall be intimated to the authority.
- (2) No application for temporarily surrender of membership of the Association shall be accepted if -
 - (a) there is a grievance or disciplinary proceeding pending against the member before the Association or the authority, and he has not given an undertaking to cooperate in such proceeding; or
 - (b) the member has been appointed as a registered valuer for a process under the Companies Act, 2013, and the appointment of another registered valuer may be detrimental to such process.
- (3) A member may make an application to revive his temporarily surrendered membership when the conditions for temporary surrender cease to be applicable, and upon acceptance of the application for revival, the name of the member shall be re-inserted in the register of the Association, and the same shall be intimated to the authority.

B. Surrender of Membership

- (1) A member who wishes to surrender his membership may do so by submitting an application for surrender of his membership.
- (2) Upon acceptance of such surrender of his membership, and completion of thirty days from the date of such acceptance, the name of the member shall be struck from the register, and the same shall be intimated to the authority.
- (3) Any fee that is due from a member surrendering his membership shall be cleared prior to his name being struck from the register.
- (4) The Association may refuse to accept the surrender of membership by any member if -
 - (a) there is any grievance or disciplinary proceeding pending against the member before the Association or the authority; or
 - (b) the member has been appointed as a registered valuer process under the Companies Act, 2013, and the appointment of another registered valuer may be detrimental to such process.

IX. Disciplinary Procedure

A. Cancellation or Suspension of Certificate Of Registration

The authority may cancel or suspend the registration of a valuer for violation of the provisions of the Act, any other law allowing him to perform valuation, these rules or any condition.

B. Complaint Against A Registered Valuer

A complaint may be filed against a registered valuer before the authority in person or by post or courier along with non-refundable fee of rupees one thousand in favour of the authority and the authority shall examine the complaint and take such necessary action as it deems fit:

C. Procedure for Cancellation or Suspension of Registration

- (1) Based on the findings of an inspection or investigation, or a complaint received or on material otherwise available on record, if the authorised officer is of the prima facie opinion that sufficient cause exists to cancel or suspend the registration of a valuer, it shall issue a show-cause notice to the valuer
- (2) The show-cause notice shall be in writing and shall state;
 - (a) the provisions of the Act and rules under which it has been issued;

- (b) the details of the alleged facts;
 - (c) the details of the evidence in support of the alleged facts;
 - (d) the provisions of the Act or rules or certificate of registration allegedly violated, or the manner in which the public interest has allegedly been affected;
 - (e) the actions or directions that the authority proposes to take or issue if the allegations are established;
 - (f) the manner in which the person is required to respond to the show-cause notice;
 - (g) consequences of failure to respond to the show-cause notice within the given time; and
 - (h) procedure to be followed for disposal of the show-cause notice.
- (3) The show-cause notice shall be served in the following manner by-
- (a) sending it to the at its registered address by registered post with acknowledgment due; or
 - (b) an appropriate electronic means to the email address provided by the valuer to the authority.
- (4) The authorised officer shall dispose of the show-cause notice by reasoned order in adherence to the principles of natural justice.

The order in disposal of a show-cause notice may provide for-

- (a) no action;
 - (b) warning; or
 - (c) suspension or cancellation of the registration; or
- (5) The order passed shall be issued to the concerned person immediately, and published on the website.

The order passed shall not become effective until thirty days have elapsed from the date of issue of the order unless stated otherwise.

Any person aggrieved by an order may prefer an appeal before the authority.

The authorised officer shall be an officer as may be specified by the authority.

D. Expulsion From Membership.

A member shall be expelled by the Association—

- (a) if he becomes ineligible to be enrolled on expiry of thirty days from the order of the Disciplinary Committee, unless set aside or stayed by the Appellate Panel;
- (b) upon non-payment of membership fee despite at least two notices served in writing;
- (c) upon the cancellation of his certificate of registration by the authority;
- (d) upon the order of any court of law.

E. Punishment for contravention

Without prejudice to any other liabilities where a person contravenes any of the provisions he shall be punishable in accordance with sub-section (3) of section 469 of the Act.

F. Punishment for False Statement

If in any report, certificate or other document required by, or for, the purposes of any of the provisions of the Act or the rules made thereunder or these rules, any person makes a statement;

- (a) which is false in any material particulars, knowing it to be false; or
- (b) which omits any material fact, knowing it to be material, he shall be liable under section 448 of the Act