

**POLICY ON VALUATION OF IMMOVABLE PROPERTIES AND
EMPANELMENT OF VALUERS**

The Reserve Bank of India issued a fresh set of “**Master Direction as “Reserve Bank of India (Housing Finance Companies) Directions, 2025”**” vide Circular No. RBI/DoR/2025-26/365 DOR.FIN.REC.284/03-10-119/2025-26 dated 28/11/2025 (hereinafter referred to as “**RBI-HFC Directions, 2025**”). The updated “**RBI Directions, 2025**” under its **Para 215 (Valuation of Properties – Empanelment of Valuers)** read with **Annex V** directs HFCs about the mechanism with respect to the valuation policy and accordingly putting in place a system/ procedure for realistic valuation of properties/ fixed assets and also for empanelment of valuers

This updated directions **rescinds** the previous guidelines of RBI in this respect, notified “*Para 104 (Valuation of Properties – Empanelment of Valuers) of Chapter XIV: Miscellaneous Instructions of the Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.*”

In harmony with the directions of RBI, this “**Policy on Valuation of Immovable Properties**” primarily aims to put in place a system/procedure for realistic valuation of properties/fixed assets and also for empanelment of Valuers in accordance with the details encompassed in “**RBI-HFC Directions, 2025**”. The basic essence of the policy remains to assess the correct and realistic valuation of properties or fixed assets owned by the HFC and/or that is accepted by the HFCs as security (primary or collateral), as the said exercise assumes significance in view of its implications for correct measurement of capital adequacy position declared by the HFC.

2. KEY GUIDELINES OF THE POLICY ON VALUATION OF IMMOVABLE PROPERTIES

In accordance with the “**RBI-HFC Directions, 2025**”, HFCs must have a Board approved policy for valuation of the property including collaterals accepted against loans and shall inter alia be formulated on the following guidelines:

- 2.1 The valuation shall be done by professionally qualified independent valuers i.e. the valuer should not have any direct or indirect interest. Valuation of Properties by the internal technical valuers of the company is permissible subject to the internal technical valuer having qualifications similar to those prescribed under the Companies (Registered Valuers and Valuation) Rules, 2017.
- 2.2 The frequency of valuation in case of “Standard Assets” rest with the HFC and is to be decided by their respective Board of Directors based on observed volatility in the prices of the assets in the past. Accordingly, the Board of the company has decided as follows:
 - a) **THAT immovable properties accepted in respect of loan classified as standard assets shall be valued, once every twelve years;**
 - b) THAT with regards to standard assets (including Non-Performing Assets classified as sub-standard up-to six months), in case there is any reported observations/concerns, perils (natural calamity and otherwise), unexpected depreciation, value erosion and/or substantial impairment,

Approved for implementation in pursuance to review and amendments made in the meeting of the Board of Directors of the Company held May 29, 2026

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unforeseen claims, legal and government dispute/s and/or any unwarranted event having impact on the valuation of the immovable property accepted by the company (as primary and collateral security), **technical valuation shall be conducted immediately and shall continue to be conducted thereafter, once every three years or at shorter intervals, if deemed necessary**, till satisfactory resolution of the issue. The objective is to aptly secure the company against unforeseen circumstances and to also factor and report the correct capital adequacy measurement/computation to the regulator/supervisor.

c) THAT in case of Non-Performing Assets classified as sub-standard for more than six months or the classification of assets as doubtful assets, valuation of immovable properties accepted as primary and collateral security by the company shall be conducted of annual basis, preferable on the reported status/position as on March 31, every year. In this respect, Loss Assets and/or Assets with 100% provisioning, may be excluded from valuation under the above exercise. Loans Assets wherein legal recourse has already commenced shall be covered pursuant to obtaining legal opinion on the said matter.

d) THAT frequency of the valuation in respect of standard assets, as stated in **Clause 2.2.a)** and **Clause 2.2.b)** above, shall be reviewed by the Board on annual basis, and if there is any change necessary, it shall be given effect to in accordance to the decision/approval of the Board.

2.3 The valuation procedure to be followed to ensure that the realisable value of properties during any unforeseen circumstance is reasonably estimated and sufficient to recover the outstanding in respect of the loan advanced.

2.4 In case the loan amount is **₹50 lakh or above and below ₹75 lakh, the company shall obtain minimum two valuation reports, at least one of them from an independent valuer.** However, in its absolute discretion, the Management may undertake, dual valuation (as above) in any other lower value loan amount on case to case basis, so as to safeguard its interest. **As the case may be, the lower of the two valuations shall be considered by the company for deciding the loan amount.**

2.5 In case the loan amount is **₹75 lakh or above, the company shall necessarily obtain minimum two independent valuation reports and the lower of the two shall be considered by the company for deciding upon the loan amount.**

2.6 The above valuation process shall also be followed for valuation in respect of financing of the initial purchase of a residential dwelling unit from a State Housing Board/Municipal Corporation/Developmental Authority or other public agencies by the company.

2.7 In respect of financing of any initial transaction of the purchase of a property, the value of the property for the purposes of arriving at the Loan to Value ratio (LTV) should not exceed the documented transaction value as per the agreement to sale, sale deed etc.

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3. KEY GUIDELINES FOR REVAUATION OF COMPANY'S OWN PROPERTY

- 3.1 In respect of the company's owned immovable property, its valuation shall be undertaken as and when the Management (including the Board) deem it necessary. However, in case of any reported observations/concerns, perils (natural calamity and otherwise), unexpected depreciation, value erosion and/or substantial impairment, unforeseen claims, legal and government dispute/s and/or any unwarranted event having impact on the valuation of the immovable property (owned by the company), **valuation shall be obtained immediately and shall continue to be conducted thereafter, every two years or at shorter intervals (if deemed necessary), till satisfactory resolution of the impending issue.**
- 3.2 Depreciation as per Companies Act, 2013 and I.T. Act, 1961 shall continue as per laid standards. Further, any change in the method of depreciation must reflect the change in expected pattern of consumption of the future economic benefits of the assets.
- 3.3 In case of proposed sale (if any) of any of the owned immovable property/ies, the decision shall be taken by its Board, whereby, the Board can either (in its own combined discretion) delegate the powers to identified company official/s or hold it to self and seamlessly undertake the proposed transaction. In both the instant cases, the entire Board shall be fully informed (with necessary documentation) about the satisfactory completion of the said sale exercise.
- 3.4 As and when the company decided to revalue its owned immovable properties, it shall accordingly formulate a policy for revaluation of its owned properties in accordance with the regulatory guidelines in force (from time to time). The said revaluation policy shall inter-alia amongst other important facets shall cover procedure for identification of assets for revaluation, maintenance of separate set of records for such assets considered for revaluation, the frequency of revaluation, depreciation policy for such assets, policy for sale of such revalued assets etc. The policy should also cover the disclosure required to be made in the "Notes to Account" regarding details of revaluation such as original cost of the fixed assets subject to revaluation and accounting treatment for appreciation/depreciation etc.
- 3.5 The company shall include revaluation reserves at a discount of 55% in its Tier II capital (as as when applicable). Further, it is necessary that the revaluation reserves must represent true appreciation in the market value of the properties.

4. KEY GUIDELINES FOR EMPANLEMENT OF REGISTERED VALUERS

- 4.1 With regard to the appointment/empanlement of registered valuers, a proper internal procedure shall be followed whereby the incumbent valuer shall apply to the company with all his/her/their credentials, KYC documents etc. A verification of the documents furnished shall be undertaken by the company and subject it being in order, the Joint Screening Report (as per prescribed format) shall be filled by the RBH with recommendation seeking empanelment. The JSR (with the set of documents furnished) shall be

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further examined at CO, Kolkata and subsequently the final approval granted. A Letter of Empanelment containing the relevant terms & conditions shall be issued accordingly to the Valuer. **Such empanelment shall be valid for a period of one year i.e. generally till March 31, every year and subject to further extension pursuant to annual review (wherein additional documents, if deemed necessary shall be obtained).**

4.2 For the purpose of determining the qualifications of the registered valuer, Section 34AB (Rule 8A) of the Wealth Tax Act, 1957 ('Wealth Tax Act') will be followed. The qualifications prescribed under the said Wealth Tax Act for appointment of a registered valuer is as per following criteria:

- (i) A valuer of immovable property (other than agriculture lands, plantations, forests, mines and quarries) should have the following qualification; He should be a graduate in civil engineering, architecture or town planning of a recognized university or
 - (ii) He should be a Post graduate in valuation of real estate from a recognized university or
- a) Minimum experience of valuers shall be as per follow:
- (i) The valuer must have been in practice as consulting engineer, (valuer of real estate) surveyor or architect for a period not less than 3 years.
 - (ii) Authorities with whom the valuers name is to be registered for eligibility are as follows:
- b) Valuer should be a member of professional body i.e. Institution of Valuer besides registration with one of the following authorities:
- (i) Valuer registered with Chief Commissioner of Income Tax.
 - (ii) Valuer registered with Government / Local Authorities

Further, it has been directed for the purposes of complying with provisions of this circular shall be guided by the Accounting Standards and Section 247 of the Companies Act, 2013 wherever applicable.

This revised, amended and updated "Policy on Valuation of Immovable Properties" shall come into immediate effect and supersede the previous policy in this respect, earlier approved by the Board of Directors of the Company in their meeting held on November 14, 2024.

(D J Bagchi)
CEO

Place : Kolkata
Date : May 29, 2026

Approved for implementation in pursuance to review and amendments made in the meeting of the Board of Directors of the Company held May 29, 2026