
COMPETENCY REQUIREMENTS FOR PROFESSIONAL VALUERS

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ABSTRACT

The valuation profession plays a pivotal role in the financial ecosystem by providing systematic and objective assessments of the economic worth of assets, properties, businesses, and liabilities. These valuations underpin a range of critical financial decisions including investments, mergers and acquisitions, taxation, financial reporting, and litigation, thereby promoting transparency, accountability, and fairness in economic transactions. In India, the valuation profession has transitioned from a largely unregulated domain to a well-defined and regulated practice with the introduction of Section 247 of the Companies Act, 2013, and the enforcement of the Companies (Registered Valuers and Valuation) Rules, 2017. These legal provisions have laid the foundation for a structured framework, designating the Insolvency and Bankruptcy Board of India (IBBI) as the nodal authority for regulating the profession and ensuring that only qualified and competent individuals, affiliated with Registered Valuer Organisations (RVOs), conduct valuations. Competency in valuation is essential to uphold the credibility, accuracy, and reliability of valuation reports, which significantly influence stakeholder decisions and the integrity of financial markets. A professional valuer must possess a strong command of analytical and financial principles, attention to detail, effective communication skills, and the ability to operate with integrity, objectivity, and resilience under pressure. The evolving regulatory landscape mandates continuous professional development and adherence to ethical standards, reinforcing public trust and ensuring the sustainability of the valuation profession. As such, competency is not only a prerequisite for individual valuers but also a cornerstone for maintaining the overall efficiency and stability of the financial system.

Keywords: Valuation, Professional valuers, Competency, Registered Value Organisation, Insolvency and Bankruptcy Board of India.

1. INTRODUCTION

The valuation profession is integral to the financial ecosystem, involving the systematic assessment of the economic worth of assets, properties, businesses, or liabilities. This process informs critical financial decisions, including investments, mergers and acquisitions, financial reporting, taxation, and litigation, thereby promoting fairness and transparency in business dealings. In India, the valuation profession has undergone significant evolution, transitioning from an unregulated practice to a structured discipline under legal frameworks. The introduction of the concept of Registered Valuers through Section 247 of the Companies Act, 2013, and the subsequent enforcement of the Companies (Registered Valuers and Valuation) Rules, 2017, have established a comprehensive system for the development and regulation of valuation professionals. The Insolvency and Bankruptcy Board of India (IBBI) has been designated as the authority to implement this regime, ensuring that valuations are conducted by qualified and experienced individuals who are members of a Registered Valuer Organization (RVO). Competency in valuation is paramount, as the accuracy and reliability of valuation reports directly influence stakeholder decisions and the integrity of financial markets. A competent valuer must exhibit a blend of analytical skills, attention to detail, and a thorough understanding of financial principles. Effective communication is also crucial, as valuers often need to convey complex financial information to clients and stakeholders in a clear and understandable manner. The elements of integrity, objectivity, and the ability to work under pressure are key attributes that define a competent valuer. Adherence to ethical standards and continuous professional development are essential to maintain the trust of clients and the public, thereby upholding the profession's credibility and contributing to the overall stability and efficiency of the financial system.

1.1 RESEARCH QUESTIONS

- a) What is valuation, and what are the common techniques used in the valuation process?
- b) Who is a registered valuer and what are the eligibility requirements?
- c) What are the essential competency requirements for professional valuers to ensure accuracy and reliability in their assessments?
- d) What is Continuing Professional Development (CPD) in the field of valuation, and why is it

essential for valuers?

e) What are the emerging trends and future developments in valuation, and how are they expected to impact the profession?

1.2 RESEARCH OBJECTIVE

- a) To explore the concept of valuation and examine the commonly adopted methodologies employed in the valuation process.
- b) To identify the role and responsibilities of a registered valuer and analyze the eligibility criteria prescribed for registration.
- c) To assess the core competency requirements essential for professional valuers to deliver accurate and credible valuations.
- d) To examine the significance of Continuing Professional Development (CPD) in the valuation profession and its role in ensuring ongoing professional competence.
- e) To analyse the emerging trends and anticipated future developments in the field of valuation, and evaluate their potential impact on the valuation profession.

1.3 RESEARCH SCOPE

This research explores valuation fundamentals, common techniques, and the role of registered valuers, including their eligibility and regulatory requirements. It examines key competencies essential for valuers to ensure accuracy and reliability in assessments and highlights the importance of Continuing Professional Development (CPD) in maintaining expertise and adapting to industry changes. The study also investigates emerging trends and future developments in valuation, assessing their impact on methodologies and the profession. Through this, the research aims to provide valuable insights for professionals, regulators, and aspiring valuers.

2. VALUATION: DEFINITION, PROCESS, AND COMMON TECHNIQUES

Valuation is the process of estimating the market value of a financial asset or liability, pertinent to both businesses and individuals. It plays a critical role in various contexts, including

investment analysis, capital budgeting, mergers and acquisitions, financial reporting, taxation, and litigation. Given the complexity and potential controversies surrounding valuation, especially in the early stages of transactions, strategic reviews, or disputes, the expertise of a qualified valuer is indispensable. A competent valuer provides impartial and objective assessments, ensuring that the economic value of a business is accurately determined, which is essential for informed decision-making. This is particularly significant as the book value of a business may not reflect its true economic worth, necessitating fair valuation for strategic, regulatory, financial reporting, or tax purposes.

The necessity for business valuation arises in numerous scenarios, such as evaluating offers for strategic sales, determining per-share value for Employee Stock Ownership Plans (ESOPs), exit strategy planning, valuing intellectual property portfolios, and justifying company value during annual shareholder meetings. It is also crucial for identifying underperforming divisions, resolving shareholder or partnership disputes, facilitating investments or buyouts, securing financing, financial reporting, goodwill impairment testing, purchase price allocation post-acquisition, tax planning, stock option valuation, establishing baseline business value for future profitability strategies, assessing business bankruptcy situations, and discerning discrepancies between fair value and market perception to restructure the business accordingly.

In India, Section 247 of the Companies Act, 2013, mandates that valuations required under the Act be conducted by registered valuers. These professionals must possess the necessary qualifications and experience, be members of recognized organizations, and be appointed by the company's audit committee or Board of Directors. This statutory requirement underscores the importance of engaging qualified valuation professionals to ensure unbiased and accurate assessments. Relying on independent third-party valuations not only aids in negotiating strategic business transactions but also minimizes risks in litigation and provides a robust defence during scrutiny situations. Therefore, obtaining a comprehensive valuation from a registered valuer is essential for maintaining the integrity and reliability of financial assessments in various business contexts.

2.1 Understanding the Valuation Models

Valuation models are essential in determining whether an asset or company is overvalued or undervalued. These models fall into two primary categories: absolute valuation models and relative valuation models. Absolute valuation models assess a company's intrinsic value based

solely on its fundamentals without external comparisons. The methods within this category include the Dividend Discount Model (DDM), which determines a stock's value based on the present value of expected future dividends, and the Discounted Cash Flow (DCF) model, which estimates an investment's value by discounting projected future cash flows. Other approaches include the Residual Income Model, which evaluates a company's worth based on residual income after deducting capital costs, and the Asset-Based Model, which calculates intrinsic value by summing up the fair market value of all assets. In contrast, relative valuation models compare a company's value to similar businesses, relying on financial multiples and ratios such as the Price-to-Earnings (P/E) ratio. A company with a lower P/E ratio compared to its industry peers may be considered undervalued. Investors and analysts often prefer relative valuation models due to their simplicity and quick execution compared to absolute models.

2.2 Understanding the Valuation methods

Valuation methods vary depending on the industry and asset type. One commonly used method is the Comparable Method, which analyses companies of similar size and industry to determine a fair market value. A variation of this approach, the past transaction method, evaluates previous sales of similar companies to estimate an appropriate valuation. The asset-based approach, which calculates a company's worth by summing up its assets' values, is more suitable for asset-heavy industries but less relevant for service-based businesses like consulting firms, where an earnings-based approach may be more effective. Another widely used valuation method is the Discounted Cash Flow (DCF) method, which values an asset based on its projected future cash flows, discounted to present value using a discount rate that reflects interest rate assumptions or an investor's minimum required return. The DCF model is frequently used in stock pricing through dividend discount models like the Gordon Growth Model and in capital investment decisions, where a company evaluates net present value (NPV) to determine the feasibility of an asset purchase. The Precedent Transactions Method involves comparing the target company with similar businesses recently sold, making it a common valuation approach in mergers and acquisitions. This method offers a realistic market-based valuation by referencing actual transaction prices. Given the diversity of valuation techniques, businesses and investors often use a combination of multiple methods to ensure a comprehensive and accurate valuation, with the selection depending on the specific industry, asset nature, and valuation objectives.

Valuation can be challenging due to the wide range of techniques available, making it difficult for investors to determine the most appropriate method for assessing a stock's value. While some valuation approaches are simple, others involve complex calculations and assumptions. No single method is universally applicable, as each stock, industry, and sector possesses distinct characteristics that may require multiple valuation techniques. The different valuation methods can yield varying results for the same asset or company, leading analysts to select the approach that presents the most favourable outcome. This variability highlights the inherent limitations of valuation and the need for careful consideration when choosing the most suitable methodology.¹

3. WHO IS A REGISTERED VALUER AND WHAT ARE THE ELIGIBILITY REQUIREMENTS

A Registered Valuer is an individual or entity authorized to perform valuations under the Companies (Registered Valuers and Valuation) Rules, 2017. As per these rules, only professionals registered with the Insolvency and Bankruptcy Board of India (IBBI) can conduct valuations required under the Companies Act, 2013, and the Insolvency and Bankruptcy Code, 2016, effective from February 1, 2019. However, individuals engaged in valuation services under the Companies Act, 2013, were allowed to continue without registration until January 31, 2019. Registered Valuers are classified into three categories based on asset classes: Land & Building Valuer, Plant & Machinery Valuer, and Securities or Financial Assets Valuer.

3.1 Eligibility Requirements

To qualify as a Registered Valuer under the Companies (Registered Valuers and Valuation) Rules, 2017, an individual must fulfil the educational, experience, and regulatory requirements prescribed under Rule 4 and Annexure IV, with eligibility criteria varying by asset class—Land and Building, Plant and Machinery, or Securities and Financial Assets. The concept of a registered valuer was formally introduced under Section 247 of the Companies Act, 2013, which mandates that valuations of assets, liabilities, net worth, and securities required under the Act must be conducted by a Registered Valuer appointed by the Audit Committee or, in its absence, by the Board of Directors. A valuer is prohibited from undertaking any valuation in

¹ James Chen, *Valuation: What It Is and How It's Used*, Investopedia (June 22, 2024), <https://www.investopedia.com/terms/v/valuation.asp> (last visited Mar. 12, 2025).

which they have a direct or indirect interest and is liable for penalties, including imprisonment, refund of fees, and compensation for losses in case of fraudulent or misleading valuations.

The individual must first enrol with a Registered Valuers Organisation (RVO) recognized by the Insolvency and Bankruptcy Board of India (IBBI), complete a prescribed educational course, and pass a computer-based valuation examination conducted by IBBI for the relevant asset class. The syllabus, examination format, and passing criteria are published at least three months prior on the IBBI website. Eligibility to appear for the examination includes (a) a postgraduate degree or diploma in a relevant discipline with a minimum of three years of experience, (b) a bachelor's degree in the specified field with at least five years of experience, or (c) membership in a recognized professional body like ICAI, ICSI, or ICMAI with three years of experience. For the Land and Building category, accepted qualifications include degrees in Civil Engineering, Architecture, Town Planning, or specialized fields such as Real Estate Valuation. For Plant and Machinery, eligible disciplines include Mechanical, Electrical, Electronics, Production, Chemical, Textile, Leather, Metallurgy, and Aeronautical Engineering. For Securities or Financial Assets, candidates must hold membership in ICAI, ICSI, or ICMAI, or possess a postgraduate degree such as an MBA or PGDBM in Finance. In all cases, relevant professional experience is mandatory. Apart from educational qualifications, candidates must also meet general eligibility conditions: they must be Indian residents under the FEMA Act, not be minors or of unsound mind, and must not have been convicted for offenses involving imprisonment exceeding six months within the past five years or penalized under Section 271J of the Income Tax Act. Applicants must satisfy the "fit and proper person" criteria, which includes assessments of integrity, reputation, financial solvency, and absence of restraint orders or adverse findings.

The registration process involves submission of the valuation exam pass certificate (valid for three years), proof of completion of the RVO training program, and an application for registration to IBBI. Once registered, the individual becomes eligible to conduct valuations as mandated under various provisions of the Companies Act, such as Section 62(1)(c) (issue of shares), Section 192(2) (non-cash transactions with directors), Section 230(2) (corporate restructuring), and Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014 (valuation of sweat equity shares). Registered Valuers are also required for valuations under SEBI regulations and the Insolvency and Bankruptcy Code, 2016. Since February 1, 2019, only IBBI-registered valuers are permitted to conduct such valuations.

For entities such as partnership firms and companies seeking registration as valuers, additional conditions under the Rules include that they must be established solely for rendering professional or financial services, not be subsidiaries, JVs, or associates of other companies, and must have a minimum of three directors or partners, of whom at least one must be a Registered Valuer for the specific asset class for which the entity seeks registration. Only partners or directors registered with IBBI can sign valuation reports, and the firm or company is jointly and severally liable for valuation assignments. Any change in the composition of the firm, such as the removal of a registered valuer, must be promptly reported to IBBI.

Registered Valuers are also bound by obligations under Rule 7, which include conducting valuations only for registered asset classes, maintaining records for three years, complying with the prescribed Code of Conduct, and having an effective grievance redressal mechanism. Prior approval from IBBI is required for changing RVO membership. In case of misconduct, non-compliance, or violation of the Companies Act or other applicable laws, IBBI is empowered to investigate, issue show-cause notices, and impose penalties, including suspension or cancellation of registration. However, IBBI may also issue warnings in lieu of harsher penalties, and its orders become effective after 30 days and are subject to appeal. Through this rigorous framework, the MCA and IBBI aim to ensure standardization, accountability, and professional integrity in the valuation profession across India.²

3.2 . Certification procedure

To become a Registered Valuer, an applicant must first obtain primary membership as a Valuer Member with a Registered Valuers Organisation (RVO), which verifies compliance with the Companies (Registered Valuers and Valuation) Rules, 2017. Once enrolled, the applicant must complete a mandatory 50-hour educational course in the chosen asset class and pass the corresponding valuation examination. Following this, they must submit Form-A online along with necessary documents, which the RVO reviews before granting approval and issuing a payment link. After completing the online payment, the applicant must submit physical copies of Form-A, supporting documents, and proof of payment to the RVO. The RVO verifies and uploads the documents, then sends a scanned copy of the signed application to the applicant for final portal submission. Upon online approval, the RVO forwards the physical application

² Amarnath Simha, *Who is a Registered Valuer under the Companies Act, 2013 and How Can One Become a Registered Valuer*, iPleaders (Apr. 27, 2019), <https://blog.ipleaders.in/who-is-a-registered-valuer-under-the-companies-act-2013-and-how-can-one-become-a-registered-valuer/> (last visited Mar. 12, 2025).

to the Insolvency and Bankruptcy Board of India (IBBI) for final processing. Once registered, the applicant must obtain a Certificate of Practice from the RVO before commencing professional valuation practice.³

A professional valuer is responsible for assessing the worth of various assets, including real estate, machinery, jewellery, and financial instruments, ensuring valuations align with their intended purpose. They must select the correct valuation approach, maintain accuracy, and avoid misestimations or improper methods. Competence is upheld through continuous education, training, and adherence to ethical standards, prioritizing honesty, integrity, and public interest. Independence and objectivity are essential, preventing conflicts of interest, success fees, and biased valuations. Confidentiality must be maintained, with information disclosed only when legally required. Valuers should keep detailed records supporting their decisions and cooperate with professional inspections. Fees must be transparent and reasonable, with no undisclosed charges. The valuers hold responsibility toward third parties who may rely on their reports, ensuring objectivity and reliability. By maintaining technical expertise, ethical conduct, and impartiality, professional valuers uphold the integrity of financial and asset assessments.

4. COMPETENCY REQUIREMENTS FOR PROFESSIONAL VALUERS

A competency is the knowledge, skills, abilities and behaviour needed for a particular role or task. These competencies equip you to work in the chosen pathway. Technical competencies are fundamental for professional valuers, enabling them to conduct precise and credible assessments across various asset classes. The six technical competencies are the pathway-specific ‘hard’ skills that are required for this role as well as eight mandatory competencies which are the ‘soft’ business skills that demonstrates the ability to work with colleagues, manage workload and act with integrity. All candidates, regardless of their pathway, need these skills.

The technical competencies are as follows :

- inspection

³ Insolvency and Bankruptcy Board of India, *Frequently Asked Questions: Registered Valuer*, https://www.ibbi.gov.in/uploads/register/FAQ_for_registration_as_valuer.pdf (last visited Mar. 12, 2025).

- legal/regulatory compliance
- measurement of land and property
- property records/information systems
- valuation. Plus either
- analysis and appraisal or
- building pathology
- Knowledge about accounting principles and capital taxation
- Familiarity with construction technology and environmental services

Mandatory Competencies are as follows :

- client care
- communication and negotiation
- conduct rules, ethics and professional practice
- conflict avoidance, management and dispute resolution procedures
- data management
- health and safety
- sustainability
- teamworking.

4.1 Technical Competences

a) Property inspections serve key purposes such as valuation, buying, selling, and letting. A thorough and competent inspection is essential for accurate property advice, requiring

candidates to demonstrate a strong understanding of fundamental principles. Assessors will evaluate knowledge in building construction, location analysis, and identifying common defects. Candidates must understand the diverse requirements of property inspections, the necessary information to be gathered, and factors influencing the inspection approach. They should be capable of conducting inspections, utilizing collected data to compile reports, schedules, or equipment registers, and ensuring appropriate presentation of information. A solid knowledge base is expected in construction technologies, key building design elements, and location factors. Candidates should also understand environmental influences, sustainability features relevant to their area, and the valuer's role in investigating and reporting on findings. Essential activities include accurately documenting building and site characteristics, assisting in or preparing client reports, identifying common structural and environmental defects with their implications, and evaluating the quality of location, design, and specifications. Candidates should be proficient in reporting all relevant condition-related findings to clients, particularly in property valuation.

b) The legal and regulatory landscape for property owners and occupiers is increasingly complex, requiring valuers to have a thorough understanding of relevant laws and their impact on property value and development. Valuers must apply knowledge of legal principles, including contract law, and stay informed on existing and emerging regulatory frameworks affecting property valuation, ownership, occupation, transactions, and development. The activities include engaging specialists to address non-compliance, providing compliance-related advice, and ensuring health and safety obligations are met. Valuers must also locate and review legal documents, analyse lease terms, and assess planning applications. Practical tasks involve identifying legal and regulatory concerns, communicating findings to clients, and evaluating their impact on property value.

c) The measurement of land and property is a critical competency for data capture, particularly in determining saleable or lettable areas for valuation and advisory purposes. Accurate measurement ensures reliable property assessments, requiring professionals to understand measurement principles, methodologies, limitations, and key industry standards. Valuers must be knowledgeable about precise measurement techniques, commercially available mapping products, and the limitations of various instruments. Practical application involves using tools like laser devices and measuring tapes to collect accurate data while identifying and mitigating errors. They must correctly apply measurement rules to different property types, utilize

mapping products, and calculate dimensions using specialized software. A strong understanding of interpreting site measurements and drawings is essential, as this data supports valuation analysis. Professionals must perform calculations accurately and present measurements appropriately for valuation, sale, lease, or development. The tasks include conducting precise measurements using suitable equipment, ensuring accuracy through quality assurance procedures like those set by the ISO, and effectively presenting data in reports for clients and stakeholders.

d) The management and development of property records and information systems are essential across sectors such as land and property rights registration, valuation, and property management. These systems range from traditional paper records to digital databases and Automated Valuation Models (AVMs), supporting public sector tax assessments and title registration, as well as private sector transactions and management. Professionals must understand key aspects of sourcing, compiling, and maintaining property records, including legal documents like leases, the distinction between deeds and registered titles, and the role of supporting maps and plans. They should be proficient in using property records within IT-based or traditional systems to extract data, write factual reports, interpret legal documentation, and analyse maps while ensuring data security and compliance with regulations. Common tasks include establishing property titles, collecting and applying comparable evidence, performing necessary calculations, and providing accurate plans. Professionals must adhere to data protection laws while managing property information.

e) Valuation is a critical competency requiring well-researched advice that complies with industry standards. Professionals must understand valuation purposes, methods, statutory requirements, and frameworks such as the RICS Appraisal and Valuation Standards (Red Book). Knowledge of property law, planning regulations, professional indemnity insurance, and valuation methodologies for capital and rental assessments is essential.

Practical activities include conducting valuations under supervision, inspecting properties, analysing comparable evidence, and preparing reports aligned with industry standards. Key tasks involve drafting engagement terms, managing conflicts of interest, taking accurate site notes, measuring properties, analysing valuation evidence, and using specialized software like Discounted Cash Flow models and AVMs. Compliance with the RICS Red Book and relevant guidelines is crucial for professional valuation practice.

f) The competency of analysis and appraisal involves providing both quantitative and qualitative advice to support valuation and value-related assessments. This process is based on well-founded assumptions derived from supporting data, economic trends, and market indicators. Professionals must understand key factors influencing an asset's financial performance, principal sources of supporting evidence, and techniques for assessing and communicating value impacts in valuation, investment, or development appraisal. A strong knowledge base includes property, environmental, market, and economic factors affecting property values both now and in the future. Professionals should be familiar with evidence sources such as market indices, growth forecasts, macro and local economic data, environmental reports, planning policies, and regulatory factors. They must also be proficient in quantitative techniques like cash flow modelling, Discounted Cash Flow (DCF) analysis, viability testing, scenario testing, sensitivity analysis, and simulation. Practical application involves collecting relevant data, conducting detailed analyses to support valuations or appraisals, and preparing findings for client reports. This includes selecting appropriate inputs under supervision, using relevant software for analysis, and presenting results in a structured report to aid decision-making.

g) Building pathology is essential for property surveys, requiring expertise in defect analysis and an understanding of common and complex building failures. Professionals must identify defects ranging from simple waterproofing issues to complex concerns like interstitial condensation. They should be familiar with both common and less frequently encountered defects within their locality, supported by a strong foundation in construction technology. While residential professionals conduct condition surveys, commercial surveys are often handled by specialist building surveyors. Competency requires knowledge of building defects, data collection, measurements, and testing methods. Professionals must conduct surveys, diagnose causes of material failures, and understand property survey types, common defects, and testing limitations, including diagnostic tools like damp meters. Practical activities involve explaining failure mechanisms, carrying out inspections, correlating on-site observations with defect diagnoses, and analysing data from multiple sources. Professionals must interpret structural elements, document findings, and distinguish inspection types based on property characteristics. Responsibilities also include defining report limitations, identifying when further investigations are required for lending or insurance, commissioning engineers' reports,

and sourcing information from building regulations and trade resources.⁴

h) A deep understanding of accounting principles enables valuers to interpret financial statements, assess a company's financial health, and determine asset values accurately. Knowledge of capital taxation, including capital gains and inheritance taxes, is essential, as these impact net asset value and must be integrated into valuations. Familiarity with construction technology and environmental services is crucial for evaluating building quality, sustainability, and compliance with environmental standards, affecting marketability and value. Proficiency in data management ensures accurate data collection, analysis, and application in valuations, enhancing reliability. Strong market analysis skills help valuers assess trends, economic indicators, and supply-demand dynamics to produce timely and relevant valuations. Analytical and critical thinking skills are vital for interpreting financial data and identifying key value drivers, ensuring well-founded judgments. Attention to detail is essential in valuation analysis and documentation, minimizing errors and ensuring accuracy. Maintaining these technical competencies allows valuers to conduct thorough, precise valuations, upholding the integrity and trustworthiness of their assessments.⁵

4.2 Mandatory Competencies

Client care is an essential competency that involves understanding and applying best practices in managing client relationships. This includes identifying clients, colleagues, and third parties, and demonstrating appropriate professional behaviours to foster strong relationships. Effective client care requires implementing systems and procedures for managing client interactions, including handling complaints, collecting relevant data, analysing client needs, and defining appropriate responses. Professionals must demonstrate practical application of these principles within their specific area of practice. Effective communication and negotiation skills are also crucial, requiring proficiency in oral, written, graphic, and presentation techniques tailored to different professional scenarios. The ability to apply these skills effectively, particularly in negotiation situations, is a key aspect of professional practice. Conflict avoidance, management, and dispute resolution procedures are integral to professional practice, requiring an understanding of techniques such as adjudication and arbitration. Professionals should be

⁴ Royal Institution of Chartered Surveyors. *Valuation Pathway Guide (Associate)*. February 2017. https://www.rics.org/content/dam/ricsglobal/documents/join-rics/valuation_pathway_guide_associate_rics.pdf (last visited Mar. 12, 2025).

⁵ Academy of Certified Valuers and Analysts. "Essential Skills for Aspiring BV Professionals." March 2, 2024. <https://acvaindia.com/essential-skills-for-aspiring-bv-professionals/> (last visited Mar. 12, 2025).

well-versed in conflict resolution strategies relevant to their area of expertise. Health and safety awareness is vital, with professionals needing to understand the legal responsibilities, codes of practice, and regulatory requirements that govern workplace safety. Practical application of health and safety principles ensures compliance and fosters a safe working environment. Sustainability plays a crucial role in balancing economic, environmental, and social objectives at global, national, and local levels, particularly within the land, property, and built environment sectors. Professionals must understand sustainability principles and their application within their field. Finally, teamwork is essential for professional success, requiring an understanding of team dynamics, behaviours, and principles to foster collaboration and efficiency in professional settings.⁶

The ICAI RVO Code of Conduct, formulated under clause (g) of rule 7 and clause (d) of sub-rule (2) of rule 12, establishes ethical and professional standards for valuers, ensuring their integrity, competence, and independence. Integrity and fairness are fundamental, requiring valuers to maintain honesty, transparency, and fairness in all professional dealings. They must provide true and adequate information, refrain from misrepresentation, and uphold the reputation of the profession while prioritizing public interest. Professional competence and due care mandate valuers to maintain high service standards, exercise independent judgment, and stay updated with professional and technical developments. They must not disclaim liability for their valuation expertise, and they must be clear about their areas of competence, seeking assistance from other professionals where necessary.

- a) Independence and disclosure of interest require valuers to act objectively, free from bias, conflicts of interest, or undue influence. They should not accept assignments where independence is compromised and must disclose potential conflicts of interest to clients. They are prohibited from engaging in "mandate snatching" or offering "convenience valuations" to suit client needs, and they must not charge success fees to maintain impartiality. Furthermore, they must comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015, ensuring they do not deal in securities of the subject company until the valuation report is public.

⁶ Royal Institution of Chartered Surveyors. *Valuation Pathway Guide (Associate)*. February 2017. https://www.rics.org/content/dam/ricsglobal/documents/join-rics/valuation_pathway_guide_associate_rics.pdf (last visited Mar. 12, 2025).

- b) Confidentiality is crucial, and valuers must not disclose or misuse any confidential client information unless legally obligated to do so.
- c) Information management requires valuers to maintain written records of decisions, reasoning, and supporting evidence, ensuring transparency and accountability. They must cooperate with regulatory inspections and investigations, provide necessary records, and retain working papers for at least three years or longer if required for regulatory or legal proceedings.
- d) Gifts and hospitality provisions prohibit valuers and their relatives from accepting gifts that could affect their independence or offering financial advantages to obtain work or professional favours.
- e) Remuneration and costs must be transparent, reasonable, and properly disclosed in a written contract, ensuring ethical financial practices.
- f) Finally, under occupation, employability, and restrictions, valuers must manage their workload efficiently to maintain quality service. They should refrain from overburdening themselves with assignments and must not engage in business activities that discredit the profession. Adhering to these principles ensures valuers maintain the highest ethical and professional standards, thereby strengthening public trust and the credibility of the valuation profession.⁷

5. CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

Continuing Professional Development (CPD) is a structured approach to maintaining and enhancing professional skills, knowledge, and competencies throughout one's career, ensuring that individuals remain effective and relevant in their respective fields. Engaging in CPD offers numerous benefits, including staying current with industry developments, demonstrating professionalism and integrity, meeting employer and client expectations, expanding professional networks, advancing career prospects, and boosting personal confidence. CPD activities encompass a wide range of learning opportunities, both formal and informal. Formal activities might include attending accredited courses, workshops, or conferences, while

⁷ Registered Valuers Organisation of the Institute of Cost Accountants of India. "Code of Conduct." <https://www.rvoicmai.in/laws-policies/code-of-conduct> (last visited Mar. 12, 2025).

informal learning could involve on-the-job training, self-directed study, mentoring, coaching, consultancy, participating in discussions, and writing for publication. Effectively managing CPD involves a cyclical process: identifying personal development needs, planning appropriate learning activities, executing these activities, reflecting on the learning outcomes, and applying the acquired knowledge or skills in professional settings. This reflective practice not only reinforces learning but also highlights areas for further development. Monitoring and reporting CPD are crucial components of this process. Professionals are encouraged, and sometimes required, to maintain detailed records of their development activities, including the nature of the activity, the insights gained, and how these have been applied in their work. Such documentation not only demonstrates a commitment to ongoing professional growth but also serves as evidence of competence to employers, clients, and regulatory bodies. By actively engaging in CPD, professionals ensure they deliver high-quality services, adapt to evolving industry standards, and maintain a competitive edge in their careers. Engaging in various activity types enhances professional development by targeting specific competencies. Work-based activities, such as attending in-house workshops and engaging in practical exercises under the guidance of experienced valuers, provide hands-on experience in applying appropriate valuation bases across different valuation types. This approach helps professionals develop a strong understanding of various valuation bases and their correct application, ensuring the selection of the appropriate basis for each valuation. Private activities involve structured programs of reading and investigating information sources, including referencing established measurement codes and executing detailed practical examples. These activities focus on teaching the correct use and interpretation of property measurement methods, enabling professionals to apply the correct measurement bases for different property types while distinguishing between unique property features and measurement approaches. Organized activities, such as attending training programs and conferences covering valuation methodologies and industry standards, are designed to develop expertise in valuation techniques. Participation in these programs allows professionals to gain experience with commonly used valuation methodologies, understand their practical applications, and determine when and how to apply them effectively.⁸

⁸ Registered Valuers Organisation of the Institute of Cost Accountants of India. "Code of Conduct." <https://www.rvoicmai.in/laws-policies/code-of-conduct> (last visited Mar. 12, 2025).
Royal Geographical Society. "An Introduction to Continuing Professional Development." <https://www.rgs.org/professionals/developing-your-career/an-introduction-to-continuing-professional-development> (last visited Mar. 12, 2025).

6. CASE STUDIES

Valuation projects across various sectors offer valuable insights into effective methodologies and best practices. For instance, a prominent Indian manufacturer of high-tension towers sought a comprehensive business valuation to attract equity investments and explore merger opportunities. The valuation process addressed challenges such as technological advancements, market dependency, raw material price volatility, regulatory compliance, and global market dynamics. By engaging industry experts, diversifying the customer base, establishing strategic supplier partnerships, investing in sustainable practices, and conducting global market analyses, the company enhanced its competitiveness and market value. In the real estate sector, the Income Approach has been effectively utilized for property valuations in India. A notable case involved a commercial property in Mumbai's Bandra-Kurla Complex, where valuation focused on rental income, operating expenses, and capitalization rates. This approach revealed a high return on investment, underscoring the significance of location and market conditions. Similarly, a shopping mall in Bengaluru's Whitefield area benefited from a valuation that emphasized revenue analysis, lease agreements, and vacancy rates, leading to successful financing and tenant acquisition strategies. Another example is the valuation of Employee Stock Ownership Plans (ESOPs) showcases diverse methodologies. Infosys Limited employed the Discounted Cash Flow method, projecting future cash flows and determining intrinsic value, which proved suitable for companies with predictable revenues. Conversely, Coal India Limited utilized the Net Asset Value method, reflecting its substantial tangible assets, highlighting the importance of selecting valuation techniques aligned with a company's specific characteristics. These case studies highlight the importance of selecting appropriate valuation methods, understanding industry dynamics, and proactively addressing potential challenges to enhance accuracy and reliability in valuation processes.⁹

⁹ Engineers Circle. "Case Studies: Successful Real Estate Valuations Using the Income Approach." *Valuer World*, May 18, 2024. <https://www.valuerworld.com/2024/05/18/case-studies-successful-real-estate-valuations-using-the-income-approach/> (last visited Mar. 12, 2025).

7. FUTURE TRENDS IN VALUATION

The valuation landscape is undergoing significant transformation, influenced by technological advancements, evolving regulatory frameworks, and the emergence of new asset classes.

Technological Advancements

The integration of artificial intelligence (AI) and machine learning (ML) into valuation processes is revolutionizing the field. These technologies enable the analysis of vast datasets, identifying patterns and trends that enhance the accuracy and efficiency of valuations. For instance, AI can process real-time market data to provide dynamic asset assessments, allowing valuers to make more informed decisions. Additionally, blockchain technology is introducing transparency and security to asset valuation, particularly concerning digital assets like cryptocurrencies and non-fungible tokens (NFTs). The immutable nature of blockchain ensures that ownership and transaction histories are verifiable, reducing the risk of fraud and enhancing trust in valuations.¹⁰

Evolving Regulatory Landscape

Regulatory bodies are increasingly focusing on the integrity and accuracy of valuation practices. For example, the UK's Financial Conduct Authority (FCA) has urged private market firms to improve the management of potential conflicts of interest in asset valuation. As the private markets sector expands, concerns about the accuracy of valuing infrequently traded assets have grown, prompting calls for greater independence and responsiveness in valuation processes, especially amid market volatility. Furthermore, global initiatives are underway to harmonize valuation standards, facilitating smoother cross-border transactions and ensuring consistency in valuations across different jurisdictions.

Emerging Areas of Valuation

The rise of intangible assets, such as intellectual property, brand equity, and customer

¹⁰ Dun & Bradstreet UAE. "The Role of Technological Advancements and Innovation in the Business Valuation Process." June 26, 2024. <https://dnbuae.com/the-role-of-technological-advancements-and-innovation-in-the-business-valuation-process/> (last visited Mar. 12, 2025).

relationships, is reshaping valuation methodologies. Traditional models that primarily focused on tangible assets are evolving to account for these intangible factors, reflecting their growing contribution to a company's value. Additionally, environmental, social, and governance (ESG) metrics are becoming integral to valuation assessments. Investors and stakeholders are increasingly demanding evaluations that consider a company's sustainability practices and social impact, recognizing that strong ESG performance can enhance long-term value. Moreover, the tokenization of assets is democratizing investment opportunities by enabling fractional ownership, allowing a broader range of investors to participate in markets previously limited to high-net-worth individuals or institutions.

The future of valuation is being shaped by technological innovations that enhance data analysis and transparency, regulatory developments that promote integrity and standardization, and the recognition of new value drivers such as intangible assets and ESG factors. Professionals in the valuation field must adapt to these changes to provide accurate and relevant assessments in an increasingly complex and dynamic market environment.¹¹

8. CONCLUSION

Competency in valuation is fundamental to ensuring accuracy, reliability, and integrity within financial markets. Professional valuers are expected to possess robust analytical capabilities, keen attention to detail, and a comprehensive understanding of financial and economic principles. Equally important are strong communication skills, enabling them to convey complex valuation findings in a clear and accessible manner. Core professional attributes such as integrity, objectivity, and the ability to perform under pressure are indispensable for maintaining the credibility of the profession. In India, regulatory frameworks like the Companies Act, 2013, and the Companies (Registered Valuers and Valuation) Rules, 2017, mandate that only qualified and certified professionals undertake valuation assignments. Ongoing professional development and strict adherence to ethical standards are essential to uphold public confidence and ensure the continued relevance and trustworthiness of valuation practices.

¹¹ Gloval. "The Future of Valuation: Trends, Innovations, and Predictions." September 16, 2023. <https://gloval.in/2023/09/16/the-future-of-valuation-trends-innovations-and-predictions/> (last visited Mar. 12, 2025).