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Valuers vs. Chaos: Decoding IBC Valuations with LOL & Logic

Hey friends, imagine a world where companies don't just vanish into thin air when they hit financial turbulence—instead, they get a fair shot at revival, thanks to the Insolvency and Bankruptcy Code (IBC).

As Ar. Sunil Dhingra, your friendly neighbourhood architect, IBBI-registered valuer for land & building (plus Income Tax Section 34AB wizard), I'm diving into why valuers are the unsung heroes of IBC, the headaches they face, my role in the circus, and how we can jazz it up with more transparency.

Why IBC Needs Valuation connoisseurs

Picture this: A company drowning in debt, creditors circling like vultures, and suddenly IBC moves in like a saviour—to rescue and revive.

Launched in 2016, IBC reformed the script on India's messy bankruptcy scene, slashing resolution times from years to 330 days (mostly). But here's the kicker: Without solid valuations, it's all smoke and mirrors.

Valuations pin down fair market value (FMV) and liquidation value (LV) for assets like my specialty— land and buildings—ensuring creditors get their due and resolution plans aren't pie-in-the-sky dreams.

Why the hype? Pre-IBC, lenders waited for ages; now, over 60% market share in valuations helps recover value fast. It's not just numbers—it's the heartbeat of Corporate Insolvency Resolution Process (CIRP), deciding if a firm is worth saving or selling off. Without valuers like me, CoCs (Committee of Creditors) would be guessing games, leading to fire sales or endless litigation.

The Challenges

Valuation under IBC? It's like socialising in Delhi traffic—full of unpredictability and honking disputes. Challenge numero uno: Inconsistent reports from multiple valuers (IBC mandates two or three), with values swinging wildly due to vague "international standards" that nobody agrees on. One valuer says FMV is ₹100 crore for a plot; another yells ₹50 crore.

Then there's info asymmetry—valuers get half-baked data, can't always eyeball massive lands (surveyors' job is supposed to be complimentary in valuation process), and face shady incentives. Small firms pay through the nose for big valuations, and non-standard formats mean judges play detective.

It's like three chefs cooking biryani with one recipe but ending up with Chinese fried rice—tasty, but nobody's happy.

Spotlight on the Registered Valuer

Enter the registered valuer (RV)—IBBI's certified sidekick, like me for land & building assets. We're not your average bean-counters; we crunch IVS 2022 standards, whip up defensive reports, and chat with RPs (Resolution Professionals) to nail asset truths. Role? Asset sleuthing: FMV via market approach (comparables, my architect's delight), LV for doomsday scenarios and many manoeuvres which we cultured in the process of becoming a valuer.

We ensure compliance, ethics, and no bias. RVs are like wedding planners for bankruptcies— everyone fights over the cake (assets), and we're stuck measuring the hall while the groom (debtor)

hides. With my 24+ years in Architecture and real estate planning, I bring real-world grit to abstract numbers.

Courtroom Epics: Lessons from Landmarks

- Courts have dropped epic verdicts shaping CIRP valuations—pure masala entertainment with legal gravitas.
- First, Swiss Ribbons Pvt. Ltd. v. Union of India (2019): Supreme Court gave IBC a thumbs-up, validating creditor classifications and RP's facilitator role. It stressed time-bound valuations to revive firms, not bury them.

- Essar Steel India Ltd. v. Satish Kumar Gupta (2019): SC smashed NCLAT's equality push between financial and operational creditors, upholding CoC's "commercial wisdom" on distributions. —boosted recoveries by prioritizing real payers.
- Sunil Kumar Jain v. Sundaresh Bhatt (2022): Employees' CIRP wages? Part of CIRP costs, but PF/gratuity funds stay sacred outside liquidation estate. No raiding worker piggy banks!
- Anil Ambani's Reliance Communications saga (NCLAT 2024): Booted the defaulting promoter from bidding under Section 29A—valuers' clean slates matter, no backdoor control grabs.

Section 29A of the IBC bars disqualified persons (like promoters or connected persons) from bidding for stressed assets.

These rulings? They scream: Value right, or face the music. Courts basically said, "Valuers, don't be the weak link—or we'll rewrite your script!"

Fixing the Game: Transparency at the top

How do we level up? IBBI's 2025 Discussion Paper nails it: Standardize report templates, uniform methodologies, and enterprise-wide values. Mandate working papers retention, peer reviews for big- ticket valuations, and tech like AI/blockchain for audits—bye-bye fudging!

Imagine valuers with body cams, live-streaming site visits, land pros like me teaming with machine experts, cap costs for SMEs, and enforce disclosures on assumptions. Result? Credible numbers, happy CoCs, fewer NCLT vacations.

Pro-Advice: Integrate surveyor reports early—I've chased those in CIRPs, trust me.

Let's Build Better Valuations

As an architect-turned-valuer, I've valued townships and luxury pads under IBC fire—challenges abundant, but rewards huge.

Future? Transparent processes mean faster resolutions, max value recovery (IBC's hit ₹3 lakh crore already). Stakeholders win: Creditors cash in, firms reboot, economy booms.

Wrap-up:

Valuation isn’t rocket-science, but without fixes, it's like building a skyscraper on sand. Let's add steel beams of standardization.

Valuers play an imperative role in insolvency proceedings, so their authorization needs to be carefully calibrated so they can contribute towards a faster, fairer and more transparent insolvency resolution process.

Above all, a meek submission to all IRPs and CoCs: Please don't offer peanuts for such an extraordinary profession as always remember, ***"you pay peanuts, you get monkeys"***

IRPs, give me a shout for land & building gigs—Sunil Dhingra has got the blueprint. What's your take? **Discuss** with vision, **reform** with courage, and **deliver** with impact and let's make IBC shinier than a Diwali diya.