

Insolvency and Bankruptcy Board of India

14th November, 2025

Discussion Paper on Strengthening the Valuation Process under the Insolvency and Bankruptcy Code, 2016

The discussion paper seeks to examine and address concerns relating to inconsistencies, lack of uniformity, and other related issues in the conduct of valuations under the Insolvency and Bankruptcy Code, 2016 (IBC). It proposes amendments to the relevant regulations with a view to strengthening the valuation framework under the Code through standardization of formats, harmonization of valuation standards across all stages of the insolvency and liquidation processes, and adoption of a holistic approach towards determination of value. The proposals are aimed at enhancing the quality, credibility, and efficiency of valuations, thereby facilitating informed decision-making by stakeholders and improving the overall effectiveness of the insolvency ecosystem.

INTRODUCTION

One of the objectives of the Insolvency and Bankruptcy Code, 2016 (IBC/Code) is maximization of value of assets of the corporate debtor (CD) admitted to the corporate insolvency resolution process (CIRP). During the process, it seeks the best possible market-based resolution for which transparent and credible determination of value of the assets of the CD is essential for the committee of creditors (CoC) to make informed decisions. A fair indication of the value of assets can be achieved only if valuation of the CD is carried out in an objective, transparent and credible manner.

2. Valuation reports and supporting documentation are central to the insolvency resolution framework under the Code. They collectively ensure consistency, professionalism, transparency, and comparability in the determination of value. The valuation report is one of the key documents for the CoC to evaluate the bids of resolution applicants. The value provided by the Registered Valuer (RV) is one of the major factors that facilitate the CoC in taking decisions. If valuation does not reflect true worth of the CD, it is possible that the CoC may end up closing a viable CD or it may rescue an unviable CD, both of which are detrimental not

only to stakeholders, but also to the economy as a whole. Further, the entitlements of stakeholders (sharing of resolution proceeds) depend solely on the valuation of the CD. Any decisions based upon either under-valuation or over-valuation of a CD in addition to causing unfair gain or loss to parties, has also the potential to distort the market and misallocate resources which may impinge upon growth process of the economy.

3. Regulation 27 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) mandate a resolution professional (RP), within seven days of his appointment, but not later than forty seventh day from the insolvency commencement date, to appoint two registered valuers (RVs) to determine the fair value (FV) and the liquidation value (LV) of the CD. Sub-clause (a) of sub-regulation (1) of regulation 35 states that the two RVs so appointed under regulation 27 shall submit to the RP an estimate of the fair value and the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor. Further, regulation 35(3) of the IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations) provides for the RVs appointed by the Liquidator to independently submit estimates of the realisable value of assets or businesses, computed in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017, after physical verification of the assets of the CD. Accordingly, the insolvency resolution requires a robust and reliable valuation mechanism for bringing out efficient outcomes.

4. In the above background, this discussion paper solicits comments on following proposals in order to improve valuations of the CD's assets, being conducted under the provisions of the Code, namely: -

Proposal 1: Standardisation of the format of Valuation Reports and documentation requirements for undertaking valuation assignments under the Code.

Statement of problem -

5. Currently, the valuation reports submitted by the RVs are not in a standardised format. Reports are prepared in diverse formats, often lacking adequate detail on methodologies, assumptions, and data sources relied upon by valuers, resulting in inconsistencies, lack of comparability for the stakeholders. This divergence also hampers transparency, weakens the evidentiary value of the valuation, raise interpretation issues, encourage potential litigations, and often distort market expectations or lead to inefficient resource allocation. In several cases,

such divergence has led to disputes and litigation and adverse comments by the Adjudicating Authority (AA), causing delay in the resolution process and undermining the confidence in the whole valuation exercise.

6. In addition to issue of divergent report formats, there is currently no uniform framework governing the supporting documentation that RVs are expected to maintain as part of conducting the valuation process. As a result, the extent, nature, and quality of documentation vary significantly amongst the professionals. This inconsistency weakens the transparency and accountability of the valuation process, complicates regulatory oversight, and limits stakeholders' ability to assess the basis of key assumptions, methodologies, and conclusions on a comparable parameter.

7. Hence, a standardized format of the valuation report and documentation requirements is essential to ensure consistency and comparability across cases, at the same time, it will also allow for asset-class specific customizations (Land & Building, Plant & Machinery, and Securities or Financial Assets) to enhance the clarity and usefulness of the reports for stakeholders, enabling them to make well-informed decisions.

Proposed solution:

8. Accordingly, in order to promote consistency, professionalism, and credibility in the valuation ecosystem under IBC, it is proposed that Board may be empowered in the Regulations, to specify a format of the valuation report and the documentation requirements an RV shall follow while undertaking Valuation assignments under the Code. Hence, it is proposed that regulation may be suitably amended in this regard.

Draft of proposed regulations –

A. CIRP Regulations

9. In the principal regulations, in regulation 35, after sub-regulation (3), the following sub-regulation shall be inserted, namely:-

“(4) For the purposes of this regulation, a registered valuer shall prepare a valuation report and maintain the documentation as per the format specified by the Board through a circular.”

B. Liquidation Regulations

10. In the principal regulations, in regulation 35, after sub-regulation (7), the following sub-regulation shall be inserted, namely:-

“(8) For the purposes of this regulation, a registered valuer shall prepare a valuation report and maintain the documentation as per the format specified by the Board through a circular.”

C. PPIRP Regulations

11. In the principal regulations, in regulation 39, after sub-regulation (3), the following sub-regulation shall be inserted, namely:-

“(4) For the purposes of this regulation, a registered valuer shall prepare a valuation report and maintain the documentation as per the format specified by the Board through a circular.”

D. Fast Track Insolvency Resolution Process Regulations

12. In the principal regulations, in regulation 34, after sub-regulation (3), the following sub-regulation shall be inserted, namely:-

“(4) For the purposes of this regulation, a registered valuer shall prepare a valuation report and maintain the documentation as per the format specified by the Board through a circular.”

E. Voluntary Liquidation Regulations

13. In the principal regulations, in regulation 3, in sub-regulation (1), in clause (b), after sub-clause (ii), the following proviso, shall be inserted, namely:-

“Provided that a registered valuer shall prepare a valuation report and maintain the documentation as per the format specified by the Board through a circular.”

F. Bankruptcy Process for PGs to CDs Regulations

14. In the principal regulations, in regulation 30, after sub-regulation (4), the following sub-regulation shall be inserted, namely:-

“(4) For the purposes of this regulation, a registered valuer shall prepare a valuation report and maintain the documentation as per the format specified by the Board through a circular.”

Proposal 2: Harmonization of CIRP and Liquidation Regulations to follow a uniform standard for valuations conducted under the Code.

Statement of problem -

15. Regulation 35(1)(a) of the CIRP Regulations mandates that the two RVs appointed under regulation 27 shall submit estimates of fair value and liquidation value computed in accordance with *internationally accepted valuation standards*, after physical verification of the inventory and fixed assets of the corporate debtor. However, regulation 35(3) of the Liquidation Regulations, provides that RVs appointed by the Liquidator to independently submit estimates of the realisable value of assets or businesses, computed in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017 (*Valuation Rules*), after physical verification of the assets of the CD. Further, rule 8 of Valuation Rules provides that the RV shall, while conducting a valuation, comply with the valuation standards as notified or modified under rule 18, provided that until the valuation standards are notified or modified by the Central Government, a valuer shall make valuations as per- “(a) *internationally accepted valuation standards*; or (b) *valuation standards adopted by any registered valuers organisation.*”

16. This dual approach, wherein RVs are required to follow internationally accepted valuation standards during the CIRP process, while relying on the Companies (Registered Valuers and Valuation) Rules, 2017 during the liquidation process has led to adoption of different methodology and the consequential interpretation, and stakeholder expectations across the different stages of insolvency process.

Proposed solution -

17. Hence, in order to promote consistency, reliability, and professionalism in the valuation ecosystem under the Code, it is proposed that a single, harmonized valuation standards may be adopted for all valuations conducted under the Code—irrespective of the nature of process (CIRP/PPIRP/Liquidation/ Bankruptcy Process for PGs to CDs / Fast-track process). Accordingly, it is proposed that Board may be empowered in the Regulations, to specify the valuation standards applicable for the purposes of the Code, in order to ensure that a harmonised approach is being followed across processes.

Draft of proposed regulations -

18. To replace the words “*internationally accepted valuation standards*” with the words “*valuation standards as specified by the Board*”, in –

- (a) sub-regulation (1) of regulation 35 of CIRP Regulations;
- (b) sub-regulation (2) of regulation 30 of Bankruptcy Process for PGs to CDs Regulations;
- (c) clause (a) of sub-regulation (1) of regulation 39 of PPIRP Regulations; and
- (d) sub-regulation (1) of regulation 34 of Fast Track Insolvency Resolution Process Regulations

19. To replace the words “*Companies (Registered Valuers and Valuation) Rules, 2017*” with the words “*valuation standards as specified by the Board*”, in sub-regulation (3) of regulation 35 of Liquidation Regulations.

Proposal 3 - Improving the definition of ‘Fair Value’ to bring holistic value of the CD.

Statement of Problem

20. The current definition of 'Fair Value' as provided in the CIRP Regulations is as follows -

“(hb) “fair value” means the estimated realizable value of the assets of the corporate debtor, if they were to be exchanged on the insolvency commencement date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.”

21. This definition focuses on the estimated realizable value of a CD’s assets, as if they were to be exchanged individually in an arm's length transaction. However, this approach has been observed to have significant limitations. RVs often provide asset-class-specific estimates, which means a comprehensive, unified valuation of the CD as a whole is often missing. This can lead to the under-assessment of intangible assets like brand value, intellectual property, customer relationships, and goodwill, as well as the overall value of the business as a going concern.

22. This fragmented approach can lead to under-assessment of the CD’s true commercial worth, distort evaluation of resolution plans, reduce creditor recoveries, and discourage credible resolution applicants, thereby diluting the underlying objective of value maximization as envisaged under the code. It also causes wide gap between the resolution value of the CD vis-

à-vis the fair value or the liquidation value of the CD which often raises concerns amongst the stakeholders. It also makes it difficult to benchmark resolution plans against what a rational buyer would objectively assess and pay for the business as a whole.

Proposal

23. To address these issues, it has become necessary to move from an asset specific valuation to a holistic valuation of the CD, that better reflects the true commercial worth and economic value of the CD. Accordingly, it is proposed to revise the definition of ‘Fair Value’ to explicitly include intangible assets such as brand, intellectual property, customer relationships, know-how, and goodwill, which are increasingly central to enterprise value across many sectors to better reflect the value of the CD as a whole, rather than as a sum of individual assets.

24. It is considered necessary to shift the focus towards the synergistic value—that is, the additional value created when the CD’s assets function together as an integrated business. At the same time, the core principles of a fair market transaction vis-a-vis arm’s length dealing, proper marketing, and the participation of informed and willing parties are proposed to be preserved to ensure that the valuation process remains transparent, objective, and credible.

25. This approach is intended to improve the quality and relevance of valuations under the CIRP, support better resolution outcomes, and align Indian valuation practices more closely with global standards.

Proposed draft of Regulation –

26. In view of the foregoing, it is proposed to amend the existing definition in the CIRP, Fast Track, and Pre-packaged Insolvency Resolution Process Regulations and substitute it with the following revised definition -

“(hb) ‘fair value’ means:

(a) the estimated realizable value of the corporate debtor or the assets of the corporate debtor, as the case may be, if they were to be exchanged on the insolvency commencement date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, and where the parties had acted knowledgeably, prudently, and without compulsion.

Explanation: The estimated realizable value of the corporate debtor shall be computed by taking into account the total estimated realizable value of all the assets of the corporate debtor

including but not limited to tangible and intangible assets, along-with their underlying synergies.”

Proposal 4: Appointment of single Registered Valuer for small sized corporate debtors.

Statement of problem -

27. Regulation 27 of the CIRP Regulations requires that the resolution professional shall, within seven days of his appointment but not later than forty seventh day from the insolvency commencement date, appoint two RVs to determine the fair value and the liquidation value of the CD in accordance with regulation 35. Further, if the two estimates of a value in an asset class are significantly different, or on receipt of a proposal to appoint a third registered valuer from the committee of creditors, the resolution professional may appoint a third registered valuer for an asset class for submitting an estimate of the value. The cost of appointment of such valuers' forms part of insolvency resolution process cost.

28. The process costs associated with CIRPs of CDs having small asset size may be relatively high owing to their small set up. Any measure to reduce to the CIRP cost and delay in the process will certainly be helpful in the resolution of those CDs that are small in size. Provision of two valuation estimates results into scaling up of the CIRP cost and may also contribute to delay in the process. Regulation 26 of the IBBI (Fast Track Insolvency Resolution Process for Corporate Persons) Regulations, 2017 also provides for appointment of one RV for applicable classes of the CDs.

Proposed solution -

29. In view of the above, it is proposed that an RP shall appoint only one registered valuer (for each asset class of the CD) for providing the estimates of the fair value and the liquidation value for companies below a certain threshold. Accordingly, in order to determine the threshold, the following criteria are being proposed:

Option 1: In the CIRP of CDs where the annual turnover of the CD is less than or equal to Rs. 500 crore as per latest audited financial statements,

or

Option 2: In respect of CDs classified as a micro, small or medium enterprise under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006,

However, keeping in view the company specific issues or complexities involved with particular CD, if the CoC is of the opinion that two valuations are required, it may decide to have two RVs, after recording the reasons for the same.

Draft of proposed regulations -

A. CIRP Regulations

30. In the principal regulations, sub-regulation (1) of regulation 27 shall be substituted as under:

“27. Appointment of Professionals

(1) The resolution professional shall, within seven days of his appointment but not later than forty-seventh day from the insolvency commencement date, appoint registered valuers to determine the fair value and the liquidation value of the corporate debtor in accordance with regulation 35, as under:

(a) One set of registered valuers in case of the corporate debtor

Option 1: *where the annual turnover of the corporate debtor is less than or equal to Rs. 500 crore as per latest audited financial statements*
or

Option 2: *in respect of corporate debtors classified as a micro, small or medium enterprise under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006.*

Provided that the committee may decide with reasons to be recorded in writing to appoint two sets of registered valuers.

(b) Two sets of registered valuers in cases other than those covered under clause (a) above”.

B. Liquidation Regulations

31. In the principal regulations, in regulation 35, in sub-regulation (2), the following proviso shall be inserted after the proviso, namely:-

“Provided further that,-

Option 1: *where the annual turnover of the corporate debtor is less than or equal to Rs. 500 crore as per latest audited financial statements,*

or

Option 2: *in respect of corporate debtors classified as a micro, small or medium enterprise under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006,*

the Liquidator shall appoint one registered valuer;

Provided also that, the liquidator after consultation with the consultation committee may decide with reasons to be recorded in writing to appoint two registered valuers.”

C. IBBI (PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS) REGULATIONS, 2021

32. In the principal regulations, in regulation 38, the following proviso shall be inserted after the proviso, namely:-

“Provided further that,

Option 1: *where the annual turnover of the corporate debtor is less than or equal to Rs. 500 crore as per latest audited financial statements,*

or

Option 2: *in respect of corporate debtors classified as a micro, small or medium enterprise under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006,*

the resolution professional shall appoint one registered valuer;

Provided also that the committee may decide with reasons to be recorded in writing to appoint two registered valuers.”

Proposal 5: Appointment of a Coordinator Valuer to estimate the Fair Value of the CD.

Statement of problem -

33. As per Regulation 27 of the CIRP Regulations, two RVs are to be appointed to determine the fair value and the liquidation value of the CD in accordance with regulation 35. As a result, total six RVs are appointed for three asset classes, with two valuers assigned to each asset class. Each valuer provides both the Liquidation Valuation (LV) and the Fair Valuation (FV) for their respective asset class, resulting in two sets of values per class.

34. The existing framework for determining the Fair Value of a CD often falls short of its goal to capture the holistic value of the business. The process relies on the appointment of multiple RVs, each providing separate, asset-class-specific estimates. This approach often fails to synthesize a unified, enterprise-level view of valuation, leading to several problems. Intangible assets, such as brand value, intellectual property, customer relationships, and goodwill, along with the business's "going concern" potential and operational synergies, are frequently undervalued or completely overlooked. This lack of a unified, holistic perspective diminishes the accuracy and relevance of the valuation outcomes, making it difficult to benchmark resolution plans and potentially undermining the objective of value maximization.

Proposal

35. To address this deficiency, it is proposed that for the sets of RVs being appointed under regulation 27, each set should comprise of one RV for each asset class of the CD. Within each set, one RV should be designated as the *Coordinator Valuer* by the RP in consultation with CoC. This Coordinator Valuer would be responsible for integrating the individual asset valuations into a single, comprehensive determination of the aggregate fair value of the CD. (AFV)

36. Additionally, each Coordinator Valuer shall provide the aggregate Fair Value (AFV₁ and AFV₂) of the CD, representing the estimated realisable value of the entity as a whole. The average of the aggregate fair value estimates provided by the Coordinator RVs of the two sets shall be considered as the fair value (FV) of the CD *i.e.* $FV = [(AFV_1 + AFV_2)/2]$.

37. Further, the average of the two estimates of liquidation value submitted by each RV in each class shall be considered as the liquidation value (LV) of the CD.

38. Addressing Significant Variation in Values:

If the Fair Value or Liquidation Value differ by 25% or more, or if the CoC so recommends, the RP shall appoint a third set of valuers, with one designated as the Coordinator Valuer.

- The average of the two closest estimates among the three aggregate fair value estimates provided by the Coordinator RVs shall be considered as the Fair Value of the CD.
- Similarly, the average of the two closest estimates of a value submitted by each RV in each class shall be considered as the liquidation value of the CD.

39. This approach would ensure that both tangible and intangible components are properly evaluated and considered, reflecting the true enterprise value of the business. The proposal aims to bring greater consistency, transparency, and market relevance to the valuation process, leading to more accurate and competitive resolution plans.

Draft of proposed regulations –

CIRP Regulations:

40. In the principal regulations, in regulation 35, sub-regulation (1), shall be substituted as under-

“Fair value and liquidation value shall be determined in the following manner:-

(a) the set of registered valuers appointed under regulation 27 shall comprise of one registered valuer for each asset class of the corporate debtor. Within each set, one registered valuer shall be designated as the Coordinator Valuer by the Resolution Professional in consultation with the committee of creditors.

Provided that each registered valuer shall submit to the resolution professional and Coordinator Valuer an estimate of the fair value and liquidation value computed in accordance with valuation standards as specified by the Board, after physical verification of the inventory and fixed assets of the corporate debtor.

Provided further that the Coordinator Valuer shall be responsible for integrating the individual asset-class valuations within that set and arriving at a comprehensive aggregate fair value of the corporate debtor.

Provided also that the resolution professional shall facilitate a meeting wherein registered valuers including Coordinator Valuers shall explain the methodology being adopted to arrive at valuation, to the members of the committee before computation of estimates.

(b) if the two estimates of fair value or liquidation value are significantly different, or on receipt of a proposal to appoint third set of registered valuers from the committee of creditors, the resolution professional may appoint a third set of registered valuers for submitting an estimate of the fair value or liquidation value computed in the manner provided in clause (a).

Explanation.- For the purpose of clause (b),

(i) “significantly different” means a difference of twenty-five per cent. in aggregate fair value estimates provided by the Coordinator RVs or the liquidation value of the CD.

(c) the average of the two closest aggregate fair value estimates provided by the Coordinator Valuers shall be considered as the fair value of the corporate debtor.

(d) the average of the two closest estimates of a value submitted by each registered valuer in each class shall be considered as the liquidation value of the corporate debtor.”

IBBI (PRE-PACKAGED INSOLVENCY RESOLUTION PROCESS) REGULATIONS, 2021

41. In the principal regulations, in regulation 39, sub-regulation (1) shall be substituted as under-

“(1) Fair value and liquidation value shall be determined in the following manner:-

(a) the set of registered valuers appointed under regulation 38 shall comprise of one registered valuer for each asset class of the corporate debtor. Within each set, one registered valuer shall be designated as the Coordinator Valuer by the Resolution Professional in consultation with the committee of creditors.

Provided that each registered valuer shall submit to the resolution professional and Coordinator Valuer an estimate of the fair value and liquidation value computed in accordance with valuation standards as specified by the Board, after physical verification of the inventory and fixed assets of the corporate debtor.

Provided further that the Coordinator Valuer shall be responsible for integrating the individual asset-class valuations within that set and arriving at a comprehensive aggregate fair value of the corporate debtor.

Provided also that the resolution professional shall facilitate a meeting wherein registered valuers including Coordinator Valuers shall explain the methodology being adopted to arrive at valuation, to the members of the committee before computation of estimates.

(b) the average of the two aggregate fair value estimates provided by the Coordinator Valuers shall be considered as the fair value of the corporate debtor.

(c) the average of the two estimates of a value submitted by each registered valuer in each class shall be considered as the liquidation value of the corporate debtor.”

Public comments:

42. The Board accordingly solicits comments on the proposals discussed above. After considering the comments, the Board proposes to make regulations under section 196 of the Code.

Submission of comments:

43. Comments may be submitted electronically by **7th December 2025**. For providing comments, please follow the process as under:

(i) Visit IBBI website, www.ibbi.gov.in;

(ii) Select ‘Public Comments’;

(iii) Select ‘Discussion paper – “Discussion Paper on Strengthening the Valuation Process under the Insolvency and Bankruptcy Code, 2016”

(iv) Provide your Name, and Email Id;

(v) Select the stakeholder category, namely, -

a) Corporate Debtor;

b) Personal Guarantor to a Corporate Debtor;

- c) Proprietorship firms;
- d) Partnership firms;
- e) Creditor to a Corporate Debtor;
- f) Insolvency Professional;
- g) Insolvency Professional Agency;
- h) Insolvency Professional Entity;
- i) Academics;
- j) Investor; or
- k) Others.

(vi) Select the kind of comments you wish to make, namely, a) General Comments; or b) Specific Comments.

(vii) If you have selected 'General Comments', please select one of the following options:

- a) Inconsistency, if any, between the provisions within the regulations (intra-regulations);
- b) Inconsistency, if any, between the provisions in different regulations (inter regulations);
- c) Inconsistency, if any, between the provisions in the regulations with those in the rules;
- d) Inconsistency, if any, between the provisions in the regulations with those in the Code;
- e) Inconsistency, if any, between the provisions in the regulations with those in any other law; f) Any difficulty in implementation of any of the provisions in the regulations;
- g) Any provision that should have been provided in the regulations, but has not been provided; or
- h) Any provision that has been provided in the regulations but should not have been provided.

And then write comments under the selected option.

(viii) If you have selected 'Specific Comments', please select para/regulation number and then sub-para/sub-regulation number and write comments under the selected para/sub-para or regulation/sub-regulation number.

(viii) You can make comments on more than one para/sub-para or regulation / sub-regulation number, by clicking on More Comments and repeating the process outlined above from point 43 (vi) onwards.

(ix) Click 'Submit', if you have no more comments to mark
