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# IBBI Discussion Paper, 14 November 2025: Proposed Re-calibration of Valuation Architecture under the Insolvency and Bankruptcy Code, 2016

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The Insolvency and Bankruptcy Board of India ("Board"), exercising its mandate under section 196 of the Insolvency and Bankruptcy Code, 2016 ("Code"), released the Discussion Paper on Strengthening the Valuation Process on 14 November 2025. The paper identifies systemic fissures (non-uniform report formats, divergent valuation standards, asset-centric definitions of fair value, disproportionate cost for small corporate debtors, and the absence of an integrated enterprise-level figure) that have generated recurrent litigation and impaired stakeholder confidence. It proposes five targeted amendments to the subordinate legislation to improve transparency, consistency and predictability in the determination of fair value and liquidation value across all insolvency proceedings.

Valuation reports presently exhibit wide heterogeneity in structure, depth of methodology, disclosure of assumptions and retention of underlying working papers. The resultant information asymmetry invites judicial challenge and elongates resolution timelines. To arrest this, the Board recommends an omnibus enabling clause in each set of regulations (CIRP, liquidation, PPIRP, fast-track, voluntary winding-up and personal-guarantee bankruptcy) empowering it to prescribe, by circular, a standard report template and an obligatory documentation protocol. The template will be modular (permitting asset-class specific schedules for land, plant and machinery, securities and financial assets) while preserving a common master format and audit trail for regulatory review.

A parallel dichotomy in substantive standards is sought to be eliminated. Regulation 35(1)(a) of the CIRP Regulations presently references "internationally accepted valuation standards", whereas regulation 35(3) of the Liquidation Regulations invokes the Companies (Registered Valuers and Valuation) Rules, 2017. The paper proposes to substitute both formulations with the neutral phrase "valuation standards as specified by the Board", thereby conferring on the Board statutory authority to promulgate a single, unified standard applicable to every stage of the insolvency continuum.

The definitional amendment contemplated for "fair value" is conceptual rather than merely cosmetic. The extant formulation in regulation 2(hb) of the CIRP Regulations confines the estimate to the realisable value of discrete assets on the insolvency commencement date. The paper advances a revised definition that expressly requires the valuer to compute the realisable value of the corporate debtor as an economic unit, incorporating tangible and intangible assets (brand, intellectual property, customer relationships, know-how and goodwill) and the synergistic premium attributable to a going-concern transaction conducted at arm's length. The proposed language retains the classic markers (willing buyer, willing seller, proper marketing and knowledgeable parties) while shifting the valuation object from fragmented assets to the enterprise as a whole.

Recognising the disproportionate burden of multiple valuers on small estates, the paper recommends a calibrated derogation from regulation 27(1) of the CIRP Regulations. Where the corporate debtor's latest audited annual turnover does not exceed ?500 crore or where it qualifies as a micro, small or medium enterprise under section 7 of the MSMED Act, 2006, the resolution professional (or liquidator) may appoint a single registered valuer for each asset class. The committee of creditors retains the discretion to mandate a second set, provided the reasons are assigned. An identical dispensation is proposed for liquidation, PPIRP and fast-track regimes to ensure symmetry.

To synthesise individual asset-class estimates into an enterprise-level figure, the paper introduces the institution of a "Coordinator Valuer". Under the proposed architecture, every set of valuers shall designate one member as coordinator in consultation with the committee of creditors. Each coordinator shall integrate the underlying valuations and furnish an Aggregate Fair Value (AFV) for the corporate debtor. The final fair value shall be the mean of the two AFVs; where the deviation equals or exceeds 25 per cent, or upon a reasoned request by the committee, a third set (with its own coordinator) shall be inducted and the two proximate AFVs averaged. An equivalent mechanism is prescribed for liquidation value to ensure internal consistency.

## Concluding Paragraph

The Board has invited written comments from stakeholders on or before 7 December 2025. If crystallised into regulations, the proposed amendments will embed a rule-based, verifiable and enterprise-centric valuation architecture that minimises informational friction, curtails litigation risk and advances the Code's overarching objective of value maximisation for all stakeholders.

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