



भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India

**Report of the Expert Committee
to Suggest Policy Changes for
Valuations under the Insolvency
and Bankruptcy Code, 2016**

4th November 2025

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To
The Chairperson
Insolvency and Bankruptcy Board of India
7th Floor, Mayur Bhawan, Shankar Market, Connaught Circus
New Delhi – 110001

Dear Sir,

It is our esteemed privilege and honour to submit the report of the Expert Committee constituted by the Insolvency and Bankruptcy Board of India (IBBI) vide Office Order No. RVO-16/2/2025-IBBI dated 2nd July 2025. The Committee was mandated to examine the following issues:

- a) To prescribe format of the Valuation Report and the documentation for undertaking valuation assignments under the Insolvency and Bankruptcy Code (IBC/ Code).
- b) To review the definition of 'Fair Value' & 'Liquidation Value' under the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- c) To examine the feasibility of appointing single registered valuer (RV) to determine valuation of corporate debtor up to a certain asset size, under IBC.
- d) Any other matter related to valuation under the Code or incidental thereto.

2. This Report presents, inter-alia, the recommendations of the Expert Committee on the above-mentioned issues and other connected matters related to valuation under the Code.

3. The recommendations aim to strengthen the valuation framework under the IBC by ensuring consistent, transparent, and efficient resolution process.



Dr. Bhushan Kumar Sinha

Chairperson

Yours sincerely,



Sh. Satish Sethi

Member



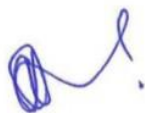
Sh. Jithesh John

Member



Sh. Ravinder Maini

Member



Sh. Vinay Kumar Goel

Member



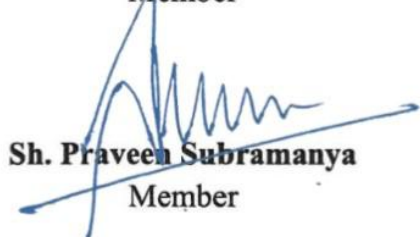
Ms. Sarika Singhal

Member



Dr. S.K. Gupta

Member



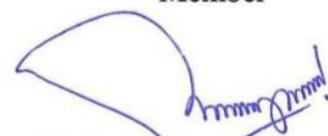
Sh. Praveen Subramanya

Member



Sh. Alok Kaushik

Member



Sh. B. Sankaranarayanan

Member Secretary

Preface

Valuation is central to insolvency resolution as it directly impacts decisions of the Committee of Creditors (CoC), the entitlements of stakeholders, and the efficiency of the resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC/ Code). An objective, transparent, and credible valuation mechanism ensures that while viable companies are rescued, unviable ones are liquidated, thereby protecting stakeholder interests and supporting economic growth.

At present, the Registered Valuers (RV) submit valuation reports in diverse, non-standardised formats, for the same Corporate Debtor (CD). The lack of uniformity has often led to inconsistencies, reduced comparability, and less evidentiary value, thereby causing disputes, litigation, and at times, inefficient allocation of resources.

Additionally, the current definition of 'Fair Value' under the CIRP Regulations focuses on asset-based realizable value with its simple summation, rather than assessing the synergetic value of the CD as a whole. A robust, standardised valuation framework is therefore essential to enhance trust, transparency, and reliability of the report within the insolvency ecosystem.

Against this backdrop, an Expert Committee was constituted by IBBI, to examine the desirability of having a uniform framework for valuation report and suggest policy measures to improve quality and credibility of valuations conducted under the Code. The Committee was tasked with prescribing a standardised format with proper documentation for valuation reports, reviewing the definitions of 'Fair Value', examining the feasibility of appointing a single registered valuer for companies up to a certain asset size, and considering any other matter incidental to valuation under the Code.

After extensive deliberations and stakeholder consultations, the Committee has recommended, amongst other things, a structured, asset specific tailor-made

format for valuation reports under IBC to ensure that valuation reports are comprehensive, comparable, and transparent, keeping in mind the global best practices.

The recommendations contained in this report aim to raise the overall quality of valuation of CD's assets under IBC. By standardising formats, refining definitions, and streamlining processes, the Committee seeks to instil greater confidence in valuation outcomes, improve transparency for stakeholders, and enhancing their reliability for decision-making that should lead to a more effective and timely resolutions of insolvency cases under the IBC.

Acknowledgement

I would like to express my deep sense of gratitude to the esteemed members of the Expert Committee for their invaluable contributions, rigorous deliberations, and unwavering commitment in fulfilling the mandate entrusted to this Committee.

I extend my sincere appreciation to Shri Vinay Kumar Goel, Managing Director, IOV Registered Valuers Foundation, Ms. Sarika Singhal, Chief Executive Officer, ICAI Registered Valuers Organisation, Dr. S.K. Gupta, Managing Director, ICMAI Registered Valuers Organisation, Shri Praveen Subramanya, Registered Valuer, and Shri Alok Kaushik, Registered Valuer, for their active participation and constructive suggestions with their domain expertise. Their insights were crucial in reviewing the valuation related framework under the Code, refining key definitions, and proposing practical measures to strengthen the valuation ecosystem.

I am thankful to Shri Satish Sethi, Executive Director, Shri Jithesh John, Executive Director, Shri Ravinder Maini, Executive Director, and Shri B. Sankaranarayanan, General Manager from the Insolvency and Bankruptcy Board of India, for their dedicated efforts, effective coordination, and steadfast support in steering this initiative.

I also acknowledge with full appreciation the exceptional support extended by the officers and staff of IBBI - Sh. Yadwinder Singh, Manager, Ms. Ajanta Gupta, Consultant and Ms. Anchita Sood, Research Associate - for their valuable contributions in finalizing this report through legal research, attention to finer detail, drafting assistance and continuous support throughout the deliberation process. Their dedicated efforts ensured that all inputs and suggestions from the members of the Committee were carefully deliberated for suitably incorporated, while finalising the report.

I further appreciate the valuable support extended by the officers of IBBI – Ms. Archana Sharma, Manager, Mr. Anshul Agrawal, Manager and Mr. Raghav Maheshwari, Manager. Their constructive participation in the deliberations and considered process related inputs meaningfully contributed to the preparation of this report.

I would also like to place on record my sincere gratitude to Shri Ravi Mital, Chairperson, IBBI, for constituting this Committee and entrusting it with the responsibility to review the valuation framework under IBC and suggest suitable policy measures. His continued encouragement and guidance enabled the Committee to discharge its mandate in an effective and time-bound manner.

This report is a product of collective wisdom, detailed analysis, and dedicated teamwork. By prescribing a structured format for valuation reports, clarifying key definitions & conceptual framework, and dwelling upon the feasibility of a single valuer framework and coordinating valuer, the Committee aims to enhance the quality, standardisation, and credibility of valuation practices. These improvements will not only strengthen regulatory oversight but will also contribute to achieving better outcomes in insolvency resolution under the IBC.

Dr. Bhushan Kumar Sinha
Chairperson
Expert Committee to Suggest
Policy Changes for Valuations under the
Insolvency and Bankruptcy Code, 2016

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List of Abbreviations

Abbreviation	Full Form
AA	Adjudicating Authority
CD	Corporate Debtor
CIN	Corporate Identification Number
CIRP	Corporate Insolvency Resolution Process
CoC	Committee of Creditors
ECL	Expected Credit Loss
ESG	Environmental, Social, and Governance
FAR	Floor Area Ratio
FV	Fair Value
IBBI	Insolvency and Bankruptcy Board of India
IBC/ Code	Insolvency and Bankruptcy Code, 2016
ICD	Insolvency Commencement Date
Ind AS	Indian Accounting Standards
IP	Insolvency Professional
IPA	Insolvency Professional Agencies
IRACP	Income Recognition, Asset Classification and Provisioning
IRP	Interim Resolution Professional
IRPC	Insolvency Resolution Process Cost
IVS	International Valuation Standards
LCD	Liquidation Commencement Date
LLP	Limited Liability Partnership
LV	Liquidation Value

NBFC	Non-Banking Financial Company
NCLT	National Company Law Tribunal
PPIRP	Pre-Packaged Insolvency Resolution Process
P&M	Plant and Machinery
PG	Personal Guarantor
RBI	Reserve Bank of India
RERA	Real Estate (Regulation and Development) Act, 2016
RP	Resolution Professional
RV	Registered Valuer
RVE	Registered Valuer Entity
RVO	Registered Valuers Organisation
SFA	Securities or Financial Assets
VRIN	Valuation Report Identification Number

Executive Summary

The Insolvency and Bankruptcy Board of India (IBBI), vide Office Order No. RVO-16/2/2025-IBBI dated 2nd July 2025, constituted an Expert Committee to review the existing valuation framework and recommend suitable policy measures to strengthen the conceptual framework and process associated with valuations of assets of corporate debtors under the Insolvency and Bankruptcy Code, 2016 (Code).

The Committee comprised members representing the IBBI, Registered Valuers Organisations (RVOs), and Registered Valuers (RVs)—the three key pillars of the valuation ecosystem under the Code. This diverse composition ensured representation from the regulatory, institutional, and professional sphere, bringing together the perspectives of both policy-makers as well as market practitioners in a comprehensive and objective manner.

The Committee adopted a consultative and balanced approach in its functioning. Detailed deliberations on practical experiences and challenges faced from both the regulator's and the market's perspectives were held.

Discussions covered aspects such as differences in methodology, different reporting formats, regulatory expectations, and the evolving needs of the insolvency market under the Code. The deliberations sought to identify solutions that maintain a fair balance between regulatory expectations and operational realities to ensure that the valuation framework remains transparent, credible, and implementable in a time bound & seamless manner.

During the course of its deliberations, the Committee observed that valuation reports are presently being prepared in different formats, with variation in methodology, extent of disclosure, and quality of documentation. This lack of uniformity along with absence of harmonised valuation standards and issues regarding valuation of receivables are contributing towards to wide variation in

valuation which has affected the comparability, transparency, and evidentiary value of valuations. In some cases, this has also led to disputes before the Adjudicating Authority. Further, it was noted that the existing definition of 'Fair Value' focuses primarily on the realizable value of individual assets and does not capture the synergistic and enterprise-level value of the corporate debtor as a going concern.

The Committee also examined procedural delays and cost implications arising from the current requirement for appointing multiple valuers and deliberated on feasibility of permitting a single registered valuer for smaller corporate debtors. Further, recognising the importance of determining the fair value of the corporate debtor as a whole, the Committee deliberated on the need for designating a valuer as a Coordinator Valuer, who shall be responsible for consolidating individual asset-wise valuations to arrive at the aggregate fair value of the CD as an integrated business entity.

After extensive discussions and consideration of inputs received from all sides, the Committee has made the following key recommendations:

(i) Standardisation of Valuation Reports and Documentation

A uniform and standardised format of valuation report and documentation requirement, supplemented with asset-specific templates, may be prescribed by the Board. The format shall provide for minimum disclosures, documentation standards, and reporting requirements to ensure consistency, transparency, and reliability in valuations.

(ii) Revision of Definition of 'Fair Value'

The definition of 'Fair Value' under the CIRP Regulations may be revised to adopt a holistic, enterprise-level approach reflecting the true commercial value of the CD as a going concern. The revised definition shall include both tangible and intangible assets, along with their synergistic value, thereby supporting accurate

assessment of resolution plans and aligning India's valuation practices with global standards.

(iii) Appointment of a Single Valuer for Small-sized CDs

Considering the delays arising from the appointment of multiple registered valuers for small-sized corporate debtors, the impact of standardisation of format and documentation requirement be observed for a period of six months. Based on the experience gained, the feasibility of permitting a single valuer for CDs below a specified asset threshold may be decided by the Board from a holistic perspective.

(iv) Harmonisation of Valuation Standards

To bring uniformity across all insolvency processes, a single, harmonised valuation standard may be adopted for valuations conducted under the Code, irrespective of the stage or process (CIRP, PPIRP, Liquidation, or Bankruptcy). Necessary amendments may be made in the relevant regulations to empower the Board to specify such uniform valuation standards.

(v) Valuation Guidelines for Receivables

Specific guidance may be issued for valuation of receivables, requiring valuers to consider factors such as the nature, ageing, legal enforceability, credit risk profile, related-party status, taxation including carry forward losses, and historical recovery trends, in consonance with applicable accounting and prudential norms.

(vi) Appointment of a Coordinator Valuer

To ensure that the Fair Value represents the true enterprise value of the CD, one valuer in each set of valuation be designated as the Coordinator Valuer. The Coordinator Valuer shall integrate individual asset valuations into a single Aggregate Fair Value (AFV) of the CD. This mechanism would ensure a more cohesive, transparent, and realistic determination of value.

The recommendations of the Committee aim to strengthen the valuation framework under the Code by promoting standardisation, enhancing professionalism and accountability among registered valuers, and aligning valuation practices in India with globally accepted norms.

Implementation of these measures is expected to improve the quality and credibility of valuations, reduce disputes and delays, and support timely and effective insolvency resolutions, in furtherance of the objectives of the Code.

(A) Introduction

1.1 One of the objectives of the Insolvency and Bankruptcy Code, 2016 (IBC/Code) is to maximize 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 while Section 20 of the Code entrusts the Resolution Professional (RP) with the responsibility of preserving and protecting the value of the property of the CD, while Section 25 of the Code casts a duty on him to take immediate custody and control of such assets. 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.

1.2 The Code, read with the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations), envisages the determination of *fair value* and *liquidation value* of the CD by registered valuers (RVs). These values, supported by valuation reports, play a crucial role in ensuring that viable businesses are rescued while unviable ones are liquidated. In doing so, they safeguard the interests of stakeholders, support economic growth, and serve as key inputs for maximisation of value and fairness in outcomes.

1.3 Regulation 27 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) mandates 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 efficient outcomes under IBC.

1.4 The experience of implementation has revealed gaps in the current framework. While valuation reports prepared in different formats lead to inconsistencies and lack of comparability, divergent approaches also often undermine the credibility of valuations, giving rise to disputes, adverse observations from the Adjudicating Authority (AA) and resultant delays in the resolution process.

1.5 In this backdrop, the IBBI constituted an Expert Committee to review the valuation framework and recommend policy measures to strengthen valuations in order to improve valuations of the CD's assets, being conducted under the provisions of the Code.

1.6 The Expert Committee was entrusted with the mandate to review and provide its recommendations to the Board on the following:

- a) To prescribe format of the Valuation Report and the documentation for undertaking valuation assignments under the Insolvency and Bankruptcy Code (IBC/ Code).
- b) To review the definition of 'Fair Value' & 'Liquidation Value' under the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- c) To examine the feasibility of appointing single registered valuer (RV) to determine valuation of corporate debtor up to a certain asset size, under IBC.
- d) Any other matter related to valuation under the Code or incidental thereto.

(B) Standardisation of Format and Supporting Documentation for Valuation Reports under the Code

i. Background

2.1 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, thereby serving the public interest. The *fair value* and *liquidation value* of the CD, as determined by RVs, are relied upon by the CoC for evaluating resolution plans and determining stakeholder entitlements. Accordingly, the value derived by the RVs must be based on clearly defined approaches and methodologies, supplemented with credible inputs, verifiable documents, and records. This will enable valuers to arrive at the conclusions in a comprehensive and objective manner, based on his professional judgment and foresight.

2.2 While regulation 27 of the CIRP Regulations requires a RP to appoint two RVs, and Regulation 35 on the other hand provides that these valuers shall submit estimates of the *fair value* and *liquidation value* of CDs assets in accordance with internationally accepted valuation standards, after physical verification of the assets.

ii. Issue for Consideration

2.3 Despite the high significance of valuation in any insolvency process under IBC, the content of 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. This divergent approach also affects transparency, dilutes the evidentiary value of the report, raise interpretation issues, encourage potential litigations, and often distort market expectations or could lead to inefficient resource allocation. In several cases, such divergence has led to disputes & litigation and adverse

comments by the Adjudicating Authority (AA), causing delay in the resolution process under IBC and undermining the credibility of the whole valuation exercise. The absence of prescribed documentation standards also impacts accountability of valuers and limit the ability of stakeholders to fully appreciate the underlying basis of valuation.

2.4 Further, in addition to issue of divergent report formats, there is currently no uniform framework governing the supporting documentation that RVs are required to refer and maintain as part of process followed, while conducting valuation. As a result, the extent, nature, and quality of documentation vary significantly amongst the professionals. While diluting the transparency and accountability of the valuation process, this also makes regulatory oversight difficult, and limits stakeholders' ability to assess the basis of key assumptions, methodologies, and conclusions on a comparable parameter.

iii. Observations of the Committee

2.5 While deliberating on the issue of variations in valuation reports prepared by different valuers. The Committee noted that, in the absence of a prescribed format, valuation reports are submitted by the RVs in diverse formats, with significant differences in terms of extent of disclosure, level of detail, and presentation of information etc. Such variations reduce comparability, create interpretational challenges, and in some cases, dilute the evidentiary value of reports for stakeholders and AA. At times, this also distorts the market perception leading to an inefficient allocation of resources. Hence, a standard format for preparing valuation report under IBC is essential to promote consistency, professionalism, and credibility in the valuation ecosystem under IBC.

2.6 The Committee further noted that valuation involves different asset classes, each with its own features and complexities. Therefore, prescribing a uniform format for valuation reports across all asset classes for reporting might not be the correct approach to address this issue. While a uniform structure for valuation

reports is necessary to ensure consistency, it must be supplemented by asset-class specific templates to capture the distinct considerations relevant to Land and Building, Plant and Machinery, and Securities or Financial Assets.

2.7 The Committee observed that a robust record of documentation—including working papers, professional judgements, and communications forming part of the assignment—is essential to substantiate the conclusions drawn in the valuation report.

2.8 In this background, the Committee underscored the need to promote efficiency, professionalism, and credibility in the valuation ecosystem under the Code. It has observed that there is an urgent need to specify standard format and documentation requirement for valuation of different asset classes under the IBC.

iv. Recommendation of the Committee

2.9 Based on the above observations, the Committee recommends that a uniform and standardised format of valuation report, supplemented with asset-class specific templates to capture the distinct considerations relevant to different asset classes namely, Land and Building, Plant and Machinery, and Securities or Financial Assets, be prescribed under the Code. To implement the same, the committee recommends that the Board shall be empowered to specify a format of the valuation report and the documentation requirements that the RV should follow while undertaking valuation assignments under the Code. Accordingly, the Committee has recommended draft format of valuation reports of different asset classes and the same is placed as *Annexure I*.

2.10 The format, inter-alia, set out the minimum disclosures that must be made in every valuation report, such as the purpose & scope of the assignment, identity of the valuer, basis & premise of value, approaches & methodologies, data sources, assumptions, findings on values with underlying rationale, and caveats or disclaimers consistent with the IBBI Guidelines, limitations and disclaimers. It

also specifies certain documents that may be relied upon by the RV in order to arrive at the valuation of a specific asset class.

2.11 The adoption of these standardised formats is expected to improve the quality and credibility of valuation reports, enhance their evidentiary value, and reduce disputes in the insolvency resolution process. It will not only infuse greater confidence across stakeholders but will also encourage them to contribute to timely and efficient outcomes under the Code.

(C) Improving definition of ‘Fair Value’ to bring holistic value of the CD

i. Background

3.1 One of the objectives of the Code is to maximize the value of assets of the CD, while balancing the interest of all stakeholders in an ongoing insolvency process. To achieve this objective, accurate and comprehensive valuation is critical. The IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 prescribe definitions of ‘Fair Value’ and ‘Liquidation Value’, which form the basis of valuation in the processes under the Code.

3.2 Regulation 2(1)(hb) of CIRP Regulations defines ‘Fair Value’ “*as the estimated realizable value of the assets of the CD, 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.*”

3.3 This definition has been conceptualised with the intention of aligning with international valuation practices and ensuring a realistic benchmark, against which resolution plans can be evaluated. The Committee observed that while the present definition of ‘Fair Value’ has provided the framework for valuations by summing up of different classes of assets of the CD, practical experience in ongoing CIRP cases has highlighted certain limitations in its application, making it necessary to re-examine the conceptual framework of the definition, keeping in view the specific requirements under the Code.

ii. Issue for Consideration

3.4 The current definition of ‘Fair Value’ under the CIRP Regulations 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 certain limitations. The RVs under the Code often provide asset-

specific estimates, which means a comprehensive, unified valuation of the CD as a whole is often missing. Moreover, the additional value arising from the integration of all assets functioning together as a business i.e. the synergistic value is not properly captured in the current valuation framework, as defined under CIRP Regulations. 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.

3.5 This 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 undermining the IBC's objective of value maximization. It may also lead to a 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 bid for any business as a going concern.

iii. Observations of the Committee

3.6 The Committee observed that the current valuation framework under the CIRP Regulations exhibits several limitations. Valuations prepared by RVs tend to be largely asset -specific, focusing separately on components such as land, buildings, plant and machinery, or financial assets, and often do not reflect the CD's value as a functioning enterprise. As a result, the real enterprise value of the CD is not adequately captured, creating potential distortions in assessing resolution plans.

3.7 It was further noted that intangible assets, including brand reputation, ongoing customer relationships, intellectual property, proprietary know-how, and goodwill, are often ignored or substantially undervalued as stated above, despite constituting a significant portion of the enterprise value, particularly when used for calculating the synergistic value of the CD as a whole.

3.8 Moreover, the synergistic value arising from the operation of all assets as an integrated business - a factor naturally considered by resolution applicants while evaluating the CD as a going concern is not adequately captured under current valuation practice.

3.9 These limitations can lead to underestimation of the CD's true value, thereby creating challenges in protecting creditors' interests and achieving optimal outcomes.

3.10 The Committee also noted that as compared to international best practices under frameworks such as International Valuation Standards (IVS), which emphasize enterprise-level and going concern valuations, India's present approach remains focused on isolated asset classes, limiting both comparability and alignment with global standards, particularly when synergistic value is overlooked.

iv. Recommendations of the Committee

3.11 To address these issues, it is necessary to move from an asset specific valuation to a holistic valuation of the CD, that better reflects the true commercial as well as economic value of the CD. Accordingly, the Committee recommends that the definition of 'Fair Value' under the CIRP Regulations be revised to adopt a more holistic, enterprise-level approach to arrive at the true commercial worth of the CD.

3.12 Firstly, valuations should not be limited to individual assets, and the framework should explicitly permit and encourage the assessment of the CD as a whole entity, thereby capturing the value of the business as a going concern.

3.13 Secondly, both tangible and intangible assets must be suitably factored while determining of the fair value of CD's assets. Intangible assets such as brand, intellectual property, customer relationships, proprietary know-how, and

goodwill which are central to enterprise value across many sectors should be properly valued and captured in a given valuation process under IBC.

3.14 Thirdly, the synergistic value arising from the integration and coordinated operation of all assets should be explicitly acknowledged, ensuring that the additional value created by the business operating as an integrated whole is reflected in valuations.

3.15 Finally, the Committee emphasizes that while implementing these improvements, essential safeguards, including arm's length dealing, proper marketing, and informed decision-making by willing parties should be duly preserved to ensure that the valuation process remains transparent, objective, and credible.

3.16 By adopting these measures, the framework will better support accurate assessment of resolution plans, protect creditor interests, encourage credible resolution applicants, and align India's valuation practices with global standards.

3.17 Taking the above into consideration, the committee recommends amending the existing definition of fair value in the following manner –

“(hb) ‘fair value’ means:

(a) the estimated realizable value of the CD or the assets of the CD, 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 CD shall be computed by taking into account the total estimated realizable value of all the assets of the CD including but not limited to tangible and intangible assets, along-with their underlying synergies.”

(D) Appointment of a Single Valuer for small sized CDs

i. Background

4.1 Regulation 27 of the CIRP Regulations mandates that the RP shall, within seven days of his appointment but not later than the forty-seventh day from the insolvency commencement date, appoint two RVs to determine the fair value and liquidation value of the CD in accordance with Regulation 35 of the said regulation. Where there is a significant difference in the liquidation value estimates submitted by the two valuers, the RP is further required to appoint a third valuer. The fees of such valuers' form part of the insolvency resolution process cost (IRPC).

4.2 This framework was designed to ensure objectivity, reliability, and cross-verification in valuation exercises, given the critical role that valuation plays in decision-making by stakeholders, particularly the CoC and the AA. However, in practice, concerns have been raised regarding the application of this provision in the case of small-sized CDs. At times for such debtors, the cost of engaging two RVs, and in some cases even a third one, is disproportionately high in relation to their asset base and overall business operations, thereby burdening the resolution process and sometimes discouraging credible resolution applicants.

ii. Issue for Consideration

4.3 The process costs associated with CIRPs of CDs having small asset size may be relatively high owing to their small set up. It may also lead to avoidable delays in the resolution process as the two valuers may not submit the reports at the same time. The CDs with limited asset size have the business operations that are relatively straightforward and engaging multiple valuers does not always add value to the process. Instead, it scales up the IRPC and may adversely affect the prospects of resolution by making it less viable.

4.4 The Committee also took note of the fact that the Fast Track Insolvency Resolution Process Regulations, 2017 already provide for appointment of only

one RV for certain categories of CDs. This provision is based on the principle of proportionality, i.e., aligning compliance requirements with the size and complexity of the debtor. Considering this precedent, it was felt necessary to revisit the requirement of two RVs under the CIRP Regulations, especially for smaller CDs.

iii. Observations of the Committee

4.5 The Committee observed that in cases of CDs with a small asset base, the requirement of appointing two registered valuers—and in some cases, a third set—often results in increase in IRPC. This not only reduces the resources available for running the CIRP, but also makes the process relatively costlier.

4.6 Based on sample analysis of valuation related cost implications for the CD, the Committee noted that although the cost itself is not substantially high in terms of percentage of the IRPC, the time taken in coordinating with two sets of valuers for each asset class might be a key contributing factor leading to delays in the process. The Committee further noted that the Fast Track Insolvency Resolution Process Regulations, 2016 has already recognized that certain categories of CDs can be adequately valued by a single registered valuer, thereby reflecting the principle of proportionality, which could logically be extended to smaller CDs under the main CIRP Regulations. Moreover, appointment and coordination with multiple valuers often lead to procedural delays in determining fair value and liquidation value, which, not only further erodes the value for the smaller CD, but also undermines the underlying objective of timely resolution under the Code. At the same time, the Committee also acknowledged that even certain smaller CDs may, involve complexities in their business or asset structure. Accordingly, while one valuer should suffice in most cases, flexibility should remain with the CoC to direct the appointment of a second valuer where it deems necessary to ensure accuracy and transparency.

iv. Recommendations of the Committee

4.7 While the Committee is of the view that permitting valuation by a single set of valuers, depending upon the asset class and subject to appropriate thresholds, may bring in more efficiency in addressing delays particularly in the case of smaller CDs, the overall consequential impact of introducing a uniform format for valuation reports, as suggested in this report, needs to be observed first. Accordingly, the Committee is of the view that such an observation for a period of at least six months will provide valuable insights into whether standardisation of valuation process and framework as suggested in this report will address the need to minimise the differences as well as delays in the valuation process. Based on the evidence and experience gathered during this period, the issue of permitting a single set of valuers may thereafter be revisited by IBBI for further action as deemed appropriate in the matter.

(E) Other Matters

(I) Harmonization of CIRP and Liquidation Regulations to follow a uniform standard for valuations conducted under the Code

i. Background

5.1 Valuation is an important component of the insolvency resolution process under the Code. The determination of fair value and liquidation value impacts the admission of resolution plans, negotiations among stakeholders, and the distribution of assets. The credibility of these outcomes' rests on the reliability and consistency of the valuation exercise.

5.2 In practice, however, valuations may differ owing to variations in methodology, assumptions, and professional judgment. Such differences can lead to disputes, delays, and uncertainty, which might in turn affect the outlook and perception of creditors, investors, and resolution applicants towards the insolvency resolution under consideration. This highlights the importance of valuation standards in the insolvency regime.

5.3 Standards provide clarity on the process to be followed, promote uniform application of methodologies, and ensure that assumptions and outcomes are transparently disclosed, thereby prescribing the broad manner in which results are to be reported. They also serve as a safeguard against arbitrariness and bias, reduce disputes and enhance confidence of stakeholders directly and indirectly associated with valuation under IBC.

5.4 International experience demonstrates that where uniform principles or standards of valuation are applied, it leads to greater comparability across cases and fosters confidence among stakeholders in respect of the fairness in the process. For India, while different methodologies may continue to be used on a case-to-case basis depending on the nature & status of the assets, a consistent framework or adherence to recognised standards can strengthen the credibility of

valuations conducted under the Code. This will not only assist RPs and AAs in their decision-making process but will also contribute to the broader objective of timely, efficient, and fair insolvency resolution.

5.5 A clear and consistent approach to valuation standards is therefore essential to uphold transparency, fairness, and efficiency in the insolvency regime.

ii. Issue for Consideration

5.6 The current framework under the Code prescribes different valuation standards at different stages of the process, leading to lack of uniformity and varied interpretations.

5.6.1 CIRP Stage: Regulation 35(1)(a) of the CIRP Regulations requires RVs to adopt “*internationally accepted valuation standards.*”

5.6.2 Liquidation Stage: Regulation 35(3) of the Liquidation Regulations requires RVs to follow the standards prescribed under the Companies (Registered Valuers and Valuation) Rules, 2017, which 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*”

5.7 This dual approach has resulted in the application of different methodologies and inconsistent practices for valuing CD’s assets under the Code.

iii. Observations of the Committee

5.8 The current valuation framework under the Code reflects different standards prescribed for the CIRP and the liquidation stage. This duality has led to adoption of different methodology with a consequential interpretation, and varying stakeholder expectations across the different stages of insolvency process. While the Code acknowledges the importance of valuation standards, the lack of a

unified, harmonised framework results in interpretational ambiguities and operational challenges for RVs, RPs, and AAs. Further, it is noted that since the Board oversees the entire insolvency framework and is responsible for ensuring the integrity and efficiency of the process, it is essential that they should be empowered to prescribe uniform valuation standards. This would enable the Board to provide a consistent, transparent, and predictable framework for valuations across all stages, strengthening stakeholder confidence and supporting fair and efficient resolution outcomes.

iv. Recommendations of the Committee

5.9 In order to promote consistency, reliability, and professionalism in the valuation ecosystem under the Code, it is recommended that a single, harmonized valuation standards may be adopted for all valuations conducted under the Code irrespective of the stage or nature of process (CIRP/PPIRP/Liquidation/Bankruptcy Process for PGs to CDs / Fast-track process). The adoption of a uniform valuation standard would minimise interpretational differences and bring greater consistency in the valuation process. This will also make the valuation more credible and reduce the scope for disputes among stakeholders.

5.10 Accordingly, it is recommended that the extant regulations be amended in such a manner so as to empower the Board to specify the valuation standards to be applied for the purposes of valuations undertaken under the Code. The Board may accordingly notify a uniform standard for valuation to be followed by RVs that will be applicable across all insolvency processes.

(II) Valuation Guidelines Regarding Receivables

i. Issue for consideration

6.1 The Committee has taken note of the feedback received from various stakeholders, including Insolvency Professionals (IPs), RVs, Insolvency Professional Agencies (IPAs) and also the observations of Hon'ble NCLT, highlighting that receivables are often not being appropriately valued during the insolvency process i.e., they are either not valued at all or are assigned , minimal or nil value without proper justification.

ii. Observations of the Committee

6.2 The Committee observed that several factors may contribute to such valuations, including lack of adequate documentation, absence of evidence/ confirmations by the purchaser, non-cooperation from the CD or third parties, and misinterpretation of applicable regulations and accounting principles. However, such omissions or undervaluation may not correctly depict true value of the CD's assets, which may have an adverse bearing on the prospects of resolution of the CD. The Committee recognizes that receivables may form a significant part of the assets in many CDs, and their omission or undervaluation undermines the objectives of value maximization under the IBC framework. Accordingly, this matter requires scrutiny with suggestions to address this issue.

6.3 The Committee noted that the receivables and advances (including loans & advances, trade receivables, carry forward losses etc.) represent credit exposures governed under the provisions of various Acts, related rules and regulations and regulatory prescriptions, as issued from time to time.

6.4 The Committee further noted that the Schedule III of the Companies Act, 2013 requires detailed disclosures regarding receivables, classifying them as current or non-current asset, secured or unsecured, and whether they are considered good or doubtful. It also mandates separate classification for receivables from related parties. Additionally, Schedule III requires an ageing

schedule, disclosing the period for which receivables are outstanding, and whether they are disputed or undisputed.

6.5 Valuation and disclosure of receivables in financial statements are also governed by applicable accounting standards, viz., Indian Accounting Standards (Ind AS) or the Accounting Standards, as the case may be. For example, Ind AS-109 prescribes a forward-looking 'Expected Credit Loss' (ECL) model, where trade receivables are generally evaluated under the "simplified approach" using lifetime ECL. This model relies on historical loss experience, adjusted for current and anticipated future conditions, to estimate the likely credit loss over the life of the receivable.

6.6 The Committee also noted that for financial institutions such as Banks and NBFCs, the Reserve Bank of India (RBI) has issued a detailed prudential guideline under the Master Circular on Income Recognition, Asset Classification and Provisioning (IRACP), most recently updated as of April 1, 2025. These norms classify advances into standard, substandard, doubtful, or loss categories based on delinquency and creditworthiness, and prescribe minimum provisioning norms for each class.

6.7 Additionally, there may be advances in the nature of taxation-related receivables such as Service tax, Goods & Service Tax (GST) related carry forward losses, which do not qualify as a financial asset but carry statutory rights to offset tax liability. These receivables can also have a material impact on the overall valuation of the CD's assets and should be considered in a diligent manner during the insolvency or bankruptcy process.

iii. Recommendations of the Committee

6.8 In view of the above, the committee recommends that the registered valuer under IBC may, *inter alia*, take into consideration the following key parameters while conducting valuation of receivables:

- a) **Nature of Receivable:** Trade Receivable, Loans, Advances, Taxation related Receivables including carry forward losses, etc.
- b) **Applicable Regulatory Framework:** Companies Act, 2013 along with applicable Ind AS or Accounting Standards, RBI's IRACP.
- c) **Credit Risk Profile and Related Party Status:** Financial health, solvency status (e.g., defaulter, under litigation, insolvent), availability of external ratings (if any) and related party status.
- d) **Ageing of Receivables:** Categorize receivables by period outstanding (e.g., <6 months, 6–12 months, 1–2 years, etc.).
- e) **Legal Enforceability and Documentation:** Status as secured or unsecured, disputed vs undisputed, availability of enforceable documentation like valid contracts, invoices, acknowledgment of debt, etc.
- f) **Past Recovery and Servicing Record:** Historical recovery experience from similar types of receivables or customers or industry sectors, including legal and administrative cost, time of recovery, etc.
- g) **Macroeconomic and Industry Factors:** Sector-specific default trends and overall economic conditions impacting the recoverability of receivables.

(III) Appointment of a Coordinator Valuer to estimate the Fair Value of the CD

i. Issue for Consideration

7.1 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 provisions of Regulation 35. As a result, a total of 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.

7.2 As mentioned earlier in this Report, 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-specific estimates. This approach often fails to capture a unified valuation from an enterprise-level perspective. Intangible assets, such as brand value, intellectual property, customer relationships, and goodwill, along with the business's "going concern" potential and operational synergies, are either frequently undervalued or often overlooked. The lack of a unified, holistic perspective diminishes the accuracy and relevance of the valuation outcomes, makes it difficult to benchmark resolution plans and potentially undermining the objective of value maximization.

ii. Observations of the Committee

7.3 The Committee noted that the existing valuation framework results in differing and fragmented outcomes, as separate valuers independently determine the fair and liquidation values for distinct asset classes. This process does not effectively capture the holistic worth of the corporate debtor in the form of integrated business entity. Consequently, the fair value often reflects a mere aggregation of asset-level estimates rather than the enterprise level value of the corporate debtor as a going concern.

7.4 It was further observed that intangible assets—such as goodwill, brand value, intellectual property, and customer relationships—along with the operational synergies and business continuity potential, remain inadequately assessed under the current framework. The Committee also noted that the lack of synergetic coordination among multiple valuers increases the complexity, time, and cost of the valuation process, while not necessarily improving in terms of consistency and accuracy in valuation.

7.5 The Committee therefore emphasized the need for a more cohesive valuation mechanism that provides a unified fair value which is reflective of both tangible and intangible aspects of the business.

iii. Recommendations of the Committee

7.6 To overcome the limitations observed in the current framework and to ensure that the Fair Value truly reflects the value of the corporate debtor, the Committee recommends the following refinements to the valuation process under IBC:

7.6.1 Integrated Valuation Structure: Each set of registered valuers appointed for a corporate debtor shall comprise one valuer for each asset class. Within each set, one valuer shall be designated as the Coordinator Valuer, responsible for integrating the individual asset valuations into a single, comprehensive determination of the aggregate fair value (AFV) of the CD.

7.6.2 Determination of Fair Value: Each Coordinator Valuer in 2 sets of valuation 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., $FV = (AFV1 + AFV2) / 2$.

7.6.3 Determination of Liquidation Value: For each asset class, the average of the two valuers' estimates of liquidation value shall similarly be taken as the Liquidation Value (LV) for that asset class.

7.6.4 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.

7.7 This revised approach is expected to provide a more cohesive and realistic determination of value by capturing both tangible and intangible components of the business. It aims to enhance transparency, consistency, and comparability in the valuation process, thereby contributing to better-information based resolutions for value maximization under the Code.

GUIDELINES FOR CONDUCTING VALUATION UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

Valuation reports and documentation are critical aspects, which collectively assist in creating consistency, professionalism, transparency, comparability, and trust in *valuation* to serve the public interest. Accordingly, valuation must have sufficient documentation and reporting that clearly describes and provides transparency to the intended user regarding the valuation approaches, methods, inputs, models, application of professional judgment, and the resulting values. The objective of these guidelines is to prescribe the minimum contents of the valuation report for conducting valuation under the Insolvency and Bankruptcy Code, 2016 (Code) and specify the responsibility of a valuer in preparing the relevant documentation for arriving at a value. Accordingly, Part – I of these guidelines provides the general content covering (a) documentation requirements (b) minimum content of the valuation report and (c) key parameters to be considered while valuing receivables. While Part – II specifies the asset specific format of the Valuation Report. The details of the same are mentioned below:

PART - I: GENERAL CONTENT

(a) Documentation

- i. Documentation shall constitute the comprehensive written record of the valuation, and it includes relevant communications with the client, working papers, and supporting materials that substantiate the conclusions reached.
- ii. The Registered Valuer shall ensure that documentation shall be maintained in a manner that clearly describes the valuation process and is sufficient to substantiate the conclusions reached by him. Such documentation should

be sufficient to understand the scope of the valuation, the work performed, and the basis for the conclusions drawn.

- iii. Documentation shall include, but not be limited to, records of communication with the client; alternative methodologies considered; additional data and inputs evaluated; risks and potential biases identified and addressed; the exercise of professional judgement; and the valuation quality control procedures applied.
- iv. In all cases, documentation shall clearly set out the valuation process undertaken and the manner in which valuation risk was identified, assessed, and managed by the Registered valuer.

(b) Minimum content of the valuation report

- i. Purpose and scope of the work;
- ii. Name of Registered Valuer & Registration Number;
- iii. Details of the any other experts involved in the valuation;
- iv. Disclosure of valuer interest or conflict, if any;
- v. Identity of Client/appointing authority and other Intended users;
- vi. Intended use;
- vii. Details of assets and/or liabilities being valued;
- viii. Background and Other Relevant Information about the Asset Being Valued;
- ix. Valuation currency(ies) used and measurements;
- x. Valuation Report Identification Number (VRIN);
- xi. Sources of Information;
- xii. Basis/es and premise of value adopted;

- xiii. Valuation Standards followed;
- xiv. Valuation Approaches and Methods or valuation model(s) applied;
- xv. Relevant discounts and premiums
- xvi. Sources and selection of significant data and inputs used;
- xvii. Description of inspections and/or investigations undertaken;
- xviii. Sustainability and Functional Factors impacting valuation
- xix. Significant or special assumptions, and/or limiting conditions;
- xx. Specific reasons for any asset being left out or assigned zero value
- xxi. Findings of any other experts involved in the valuation;
- xxii. Value and rationale for valuation; and
- xxiii. Caveats, limitations, and disclaimers as per the IBBI (Use of Caveats, Limitations, and Disclaimers in Valuation Reports) Guidelines, 2020

(c) Key Parameters to be considered while valuing receivables

- a) Nature of Receivable: Trade receivable, Loans, Advances, Taxation related receivables including carry forward losses, etc.
- b) Applicable Regulatory Framework: Companies Act, 2013, RBI's Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP) etc.
- c) Credit Risk Profile and Related Party Status: Financial health, solvency status (e.g., defaulter, under litigation, insolvent), availability of external ratings (if any) and related party status.
- d) Ageing of Receivables: Categorize receivables by period outstanding (e.g., <6 months, 6–12 months, 1–2 years, etc.).

- e) Legal Enforceability and Documentation: Status as secured or unsecured, disputed vs undisputed, availability of enforceable documentation like valid contracts, invoices, acknowledgment of debt, KYC of debtors of CD, etc.
- f) Past Recovery and Servicing Record: Historical recovery experience from similar types of receivables or customers or industry sectors including legal and administrative cost, time of recovery, etc.
- g) Macroeconomic and Industry Factors: Sector-specific default trends and economic conditions impacting the recoverability of receivables.

PART – II: ASSET SPECIFIC FORMAT OF THE VALUATION

VALUATION REPORT FORMAT FOR LAND & BUILDING

Executive Summary of the Valuation Report

Item	Details
Client / Appointing Agency	[Name and registration number of the insolvency professional acting as Interim Resolution Professional (IRP), Resolution Professional (RP) or Liquidator as the case may be,]
Details of the CD	[Name] including business profile, CIN/ LLP No., Address of the registered office and principal office (if any) of CD, Date of incorporation of CD etc.
Purpose of Valuation	[Add details]
Class of Asset	Land & Building
Subject Asset	[Brief Description, e.g., Land & Building of XYZ, Project name, location etc.]
Scope of Work	[Scope Summary]
Insolvency commencement date (ICD) / Liquidation commencement date (LCD)	[dd/mm/yyyy]
Valuation Date	[dd/mm/yyyy]
Inspection Date	[dd/mm/yyyy]
Report Date	[dd/mm/yyyy]

Item	Details
Fair Value	INR X crore
Liquidation Value	INR Y crore
Details of the Registered Valuer	[Name of the Registered Valuer (RV)/Registered Valuer Entity (RVE)]
Registration Number	IBBI/RV/XXXX/YYYY
Date of appointment	[dd/mm/yyyy]
Status of CoP as on appointment date	[active/inactive]
VRIN as generated from the website of the Authority.	[]

a) Purpose and Scope of the Work

The purpose of this valuation is to estimate the *Fair Value* and/or *Liquidation Value* of the subject Land and Building asset(s), as required under the Insolvency and Bankruptcy Code, 2016 and rules & regulations made thereunder. The scope of work as agreed upon in the engagement/appointment letter for the intent and purpose of the assignment should be elaborated.

b) Details of the Registered Valuer & Registration Number

[Name of the Registered Valuer (RV)/Registered Valuer Entity (RVE)] – Land & Building Registration Number:

The VRIN shall be mentioned in the footer on the left side of each page of the report.

c) Details of any other experts involved in the Valuation

Provide name, qualifications, and role of any expert, if involved whose input was used in the valuation report.

d) Disclosure of valuer interest or conflict, if any

The valuer should declare personal, financial, or professional interest in the valuation or any conflict of interest with the client or stakeholders, as per the Companies (Registered Valuers & Valuation) Rules, 2017.

e) Identity of Client/Appointing Authority and other intended users

Client/Appointing Authority: Name and registration number of the insolvency professional [acting as Interim Resolution Professional (IRP), Resolution Professional (RP) or Liquidator as the case may be,] other intended users: [if any, e.g., Creditors]

f) Intended Use

This report is intended to determine valuation as per the provisions of the Insolvency and Bankruptcy Code, 2016 and rules and regulations made thereunder.

g) Details of Assets and/or Liabilities being Valued

Asset Class: Land and Building

Description:

Details should include Size, location/address where the land and building are situated, revenue survey, property circle rate, geographical coordinates of the location, name of Property Owner/ Lessor/ Lessee/ Sublessee/ Assignee, legal title status , status of lease as on valuation date, the interest to be valued, possession/occupancy status, type and current use of the asset(s), boundaries or

cardinal directions (north, south, east, west), and general description of the asset(s), details of land (area, circle rates, access, Topography/level, Shape, Frontage to depth ratio, Visibility), any other relevant information.

h) Background and Other Relevant Information about the Asset being valued

Details of property ownership history, permissible use of the property, encumbrances (if any), relevant approvals (RERA, zoning), development potential, any other relevant information.

i) Valuation Currency(ies) and measurement

The currency used in valuation should be clearly stated. In case of currency other than Indian Rupees (INR) is used, explanation for the same should be provided. It is also necessary to mention the conversion rate between the two currencies and its source.

The units for measurement of land and building used in the report should be mentioned. For example, sq. ft., sq. m. or any other customary unit.

j) Sources of Information

- Title documents, site inspection, municipal approvals
- List of buildings and civil structures along with their respective built-up area.
- Approved Building and Layout plans.
- Market data from government records & real estate databases
- Discussions with local brokers
- Expert reports (if any)

k) Basis(es) and Premise of Value adopted

The RV has to select the most appropriate 'Basis(es) of Value' and the 'Premise(s) of Value' for the purpose of IBC. The relevant definitions of the adopted Basis of value, Premise of value, must be stated with pertinent discussions in the following format:

Basis Adopted

Valuation Purpose	Basis

**The basis of valuations under IBC is to identify the fair value as defined under regulation 2(1)(hb) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and liquidation value as defined under Regulation 2(1)(k) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.*

Premise Adopted

Asset Type	Premise Adopted	Remarks/Justification

**The premise of valuations under IBC may include the following–*

(a) valuation of an asset on a standalone basis;

(b) valuation of the assets in a slump sale;

(c) valuation of a set of assets collectively;

(d) valuation of the assets in parcels;

(e) valuation of the CD as a going concern; or

(f) valuation of the business(s) of the CD as a going concern.

l) Valuation Standards Followed

RV shall clearly mention the internationally accepted valuation standards and relevant sections thereof used in the report.

m) Valuation Approaches and Methods or Valuation Model(s) Applied

Details of the approaches considered:

- Market Approach
- Income Approach
- Cost Approach

The valuation report must contain a conceptual description of each of these approaches with simultaneous discussion as to its applicability or non-applicability to the assignment on hand and reasoning for the selected approach(es).

Out of the various methods available to estimate the value of the subject property within the approach(es) selected, the method(s) adopted by the RV with reasons thereof must be provided in the report. In addition to certain data such as physical and social aspects that are common to all types of real properties, some of the important data to be collected varies according to the method adopted and the same shall also be disclosed in the report.

RV shall also provide brief details about the meetings held with members of the committee to explain the methodology being adopted to arrive at valuation as per the requirement of Regulation 35 (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

n) Relevant discounts and premiums

The valuer shall provide a detailed description of all relevant discounts and premiums considered during the valuation process along with the rationale for each adjustment.

o) Sources of Data and Inputs Used along with rationale/justification.

- Neighborhood Analysis;
- Registered sales data from Sub-Registrar;

- Market quotes/survey;
- Online property portals;
- Local trends, macro-economic & micro-economic indicators;
- Approved FAR details and analysing possibility of enhanced FAR from asset maximisation view; and
- Any other source, to be specified.

p) Description of Inspections and/or Investigations Undertaken

- Site visit conducted on [dd/mm/yyyy]
- Physical measurements and photographic evidence taken
- Observations on condition, location advantages, encumbrances
- Interviews with local agents & verification of property access and marketability
- Any other details as considered necessary for the purpose of valuation.

q) Sustainability and Functional Factors impacting valuation

- Environmental: Information about environmental factors considered.
- Social: Connectivity, Proximity to social infrastructure, schools, hospitals etc.
- Governance: RERA compliance, municipal approvals, zoning & land use conformity any other regulatory compliance/approval that affect the lawful usage of the asset.
- Right to sell/transfer/lease/develop the property.
- Age, structural condition, balance economic life of structures/building.
- Demand and Supply conditions.
- Potential usage: Residential, Commercial, Leasehold etc.
- Any other factors affecting the asset's ability to generate net economic outcome.

r) Significant or Special Assumptions, and/or Limiting Conditions

- Title verification subject to legal opinion.
- Assumed soil bearing capacity suitable for construction.
- Assumed free of unknown encumbrances unless stated.
- Estimated marketability based on current economic conditions.
- Pending litigation, if any, and its impact on valuation.

s) Value and Rationale for Valuation

Fair Value: INR X crore

Liquidation Value: INR Y crore

Rationale: Based on analysis of comparable transactions, market trends, property condition, and regulatory constraints.

Book Value: INR Z crore (Asset wise)

t) Caveats, Limitations and Disclaimers

Caveats, limitations, and disclaimers as per the IBBI (Use of Caveats, Limitations, and Disclaimers in Valuation Reports) Guidelines, 2020.

u) Summary of Conclusions

The valuation report in this section would conclude the identified rights, the approach and method adopted, data availability and provide the final calculation workings.

v) Annexures

- Appointment letter;
- Engagement terms;
- Site photographs;
- Layout maps;
- Title documents;

- Market data extracts;
- Minutes of the meetings/discussions held with committee of creditors.

Note: (1) This is a basic format of valuation report. Additional information items may be included for specific asset classes as required.

(2) The VRIN shall be mentioned in the footer on the left side of each page of the report.

VALUATION REPORT FORMAT FOR PLANT & MACHINERY

Executive Summary of the Valuation Report

Item	Details
Client / Appointing Agency	[Name and registration number of the insolvency professional acting as Interim Resolution Professional (IRP), Resolution Professional (RP) or Liquidator as the case may be,]
Details of the CD	[Name] including business profile, CIN/ LLP No., Address of the registered office and principal office (if any) of CD, Date of incorporation of CD etc.
Purpose of Valuation	[Add details]
Class of Asset	Plant & Machinery
Subject Asset	[Brief Description, e.g., Machinery at XYZ etc.]
Scope of Work	[Scope Summary]
Insolvency commencement date (ICD) / Liquidation commencement date (LCD)	[dd/mm/yyyy]
Valuation Date	[dd/mm/yyyy]
Inspection Date	[dd/mm/yyyy]
Report Date	[dd/mm/yyyy]
Fair Value	INR X crore
Liquidation Value	INR Y crore

Item	Details
Details of the Registered Valuer	[Name of the Registered Valuer (RV)/Registered Valuer Entity (RVE)]
Registration Number	IBBI/RV/XXXX/YYYY
Date of appointment	[dd/mm/yyyy]
Status of CoP as on appointment date	[active/inactive]
VRIN as generated from the website of the Authority.	[]

a) Purpose and Scope of the Work

The purpose of this valuation is to estimate the *Fair Value* and/or *Liquidation Value* of the subject Plant & Machinery asset(s), as required under the Insolvency and Bankruptcy Code, 2016 and rules & regulations made thereunder. The scope of work as agreed upon in the engagement/appointment letter for the intent and purpose of the assignment should be elaborated.

b) Details of the Registered Valuer & Registration Number

[Name of the Registered Valuer (RV)/Registered Valuer Entity (RVE)] – Plant & Machinery Registration Number:

The VRIN shall be mentioned in the footer on the left side of each page of the report

c) Details of any other experts involved in the valuation

Provide name, qualifications, and role of any expert, if involved whose input was used in the valuation report.

d) Disclosure of valuer interest or conflict, if any

The valuer should declare personal, financial, or professional interest in the valuation or any conflict of interest with the client or stakeholders, as per the Companies (Registered Valuers & Valuation) Rules, 2017.

e) Identity of Client/appointing Authority and other intended users

Client/Appointing Authority: Name and registration number of the insolvency professional [acting as Interim Resolution Professional (IRP), Resolution Professional (RP) or Liquidator as the case may be,] other intended users: [if any, e.g., Creditors]

f) Intended Use

This report is intended to determine valuation as per the provisions of the Insolvency and Bankruptcy Code, 2016 and rules and regulations made thereunder.

g) Details of Assets and/or Liabilities Being Valued

Details should include location/address where the plant and machinery are situated, revenue survey, geographical coordinates of the location, name of Asset(s) Owner/Lessee /Assignee, Asset No. (if any), machine name/make/capacity, Year of Manufacturing, Year of Purchase, current use of the asset(s) Date of Put to Use, Quantity, Units of measurement, and any other relevant information.

h) Background and other relevant information about the asset being valued

Ownership history, legal status, encumbrances, usage, approvals, development potential and any other relevant information

i) Valuation Currency(ies) and Measurement

The currency used in valuation should be clearly stated. In case of currency other than Indian Rupees (INR) is used, explanation for the same should be provided. It is also necessary to mention the conversion rate between the two currencies and its source.

The units for measurement of Plant and Machinery used in the report should be mentioned.

j) Sources of Information

- Financials of the CD (P&L, Cash flow, Balance Sheet to understand the utilization of P&M assets)
- Fixed Asset Register
- List of Plant and Machinery
- Maintenance schedules
- Purchase documents
- Site inspection
- Market data, comparables
- Discussions with manufacturers, agents
- Cost indices (reproduction cost)

k) Basis(es) and Premise of Value adopted

The RV has to select the most appropriate ‘Basis(es) of Value’ and the ‘Premise(s) of Value’ for the purpose of IBC. The relevant definitions of the adopted basis & premise of Value, must be stated with pertinent discussions in the following format:

Basis Adopted

Valuation Purpose	Basis
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**The basis of valuations under IBC is to identify the fair value as defined under regulation 2(1)(hb) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and liquidation value as defined under Regulation 2(1)(k) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.*

Premise Adopted

Asset Type	Premise Adopted	Remarks/Justification
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**The premise of valuations under IBC may include the following—*

(a) valuation of an asset on a standalone basis;

(b) valuation of the assets in a slump sale;

(c) valuation of a set of assets collectively;

(d) valuation of the assets in parcels;

(e) valuation of the CD as a going concern; or

(f) valuation of the business(s) of the CD as a going concern.

l) Valuation Standards Followed

RV shall clearly mention the internationally accepted valuation standards and relevant sections thereof used in the report.

m) Valuation Approaches and Methods or Valuation Model(s) Applied

Details of the approaches considered:

- Market Approach
- Income Approach
- Cost Approach

The valuation report must contain a conceptual description of each of these approaches with simultaneous discussion as to its applicability or non-

applicability to the assignment on hand and reasoning for the selected approach(es).

Out of the various methods available to estimate the value of the subject plant and Machinery within the approach(es) selected, the method(s) adopted by the RV with reasons thereof must be provided in the report.

RV shall also provide brief details about the meetings held with members of the committee to explain the methodology being adopted to arrive at valuation as per the requirement of Regulation 35 (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

n) Relevant discounts and premiums

The valuer shall provide a detailed description of all relevant discounts and premiums considered during the valuation process along with the rationale for each adjustment.

o) Sources of Data and Inputs Used along with rationale/justification.

- Market quotes
- Manufacturer/supplier data
- Online portals
- Fixed Asset Register
- Local trends, macro-economic & micro-economic indicators.
- Legal, Social, Physical and technological factors.
- Any other source, to be specified.

p) Description of Inspections and/or Investigations Undertaken

- Date of visit [dd/mm/yyyy]
- Machines verified against fixed asset register/ list of items

- Availability of raw materials, labor, market/purchase agreement, lease validity etc.
- Conditions noted
- Photographs taken
- Maintenance schedules
- Process chart, machine layout
- Observations recorded (usage, wear & tear, obsolescence)
- Any intangibles associated with P&M
- Any other details as considered necessary for the purpose of valuation.

q) Assessment of Sustainability and Functional Factors Considered

- Environmental/ Pollution Control compliance
- Safety standards (approvals for boiler operations, factory license, fire safety approvals etc.)
- Proximity to sensitive zones
- Compliance with relevant laws
- Category of supplier/vendor
- Type of Plant & Machinery.
 - Imported or indigenous.
- Any other factor affecting the asset's ability to generate net economic outcome.

r) Significant or Special Assumptions, and/or Limiting Conditions

- Title clear unless otherwise mentioned.
- Condition as seen on inspection date.
- Usable as-is, unless maintenance (capital/ regular) required.
- Pending litigation, if any, and its impact on valuation.

s) Value and Rationale for Valuation

Fair Value: INR X crore (Asset wise)

Liquidation Value: INR Y crore (Asset wise)

Rationale: Summary of key findings, approach used, and professional judgment applied.

Book Value: INR Z crore (Asset wise)

t) Caveats, Limitations and Disclaimers

Caveats, limitations and disclaimers as per the IBBI (Use of Caveats, Limitations, and Disclaimers in Valuation Reports) Guidelines, 2020.

u) Summary of Conclusions

The valuation report in this section would conclude the identified rights, the approach and method adopted, data availability and provide the final calculation workings (to be supported with Annexures)

v) Annexures

- Appointment letter;
- Engagement terms;
- Site photographs;
- Machine specs & registers;
- Title/supporting documents;
- Market data extracts;
- Calculation sheets;
- Minutes of the meetings/discussions held with committee of creditors.

Note: (1) This is a basic format of valuation report. Additional information items may be included for specific asset classes as required.

(2) The VRIN shall be mentioned in the footer on the left side of each page of the report

**VALUATION REPORT FORMAT FOR SECURITIES OR
FINANCIAL ASSETS**

Executive Summary of the Valuation Report

Item	Details
Client / Appointing Agency	[Name and registration number of the insolvency professional acting as Interim Resolution Professional (IRP), Resolution Professional (RP) or Liquidator as the case may be,]
Details of the CD	[Name] including business profile, CIN/ LLP No., Address of the registered office and principal office (if any) of CD, Date of incorporation of CD etc.
Purpose of Valuation	[Add details]
Class of Asset	Securities or Financial Assets
Subject Asset	[Brief Description, e.g., Equity Shares of XYZ Ltd. etc.]
Scope of Work	[Scope Summary]
Insolvency commencement date (ICD)	[dd/mm/yyyy]
Date of appointment	[dd/mm/yyyy]
Inspection Date	[dd/mm/yyyy]

Item	Details
Report Date	[dd/mm/yyyy]
Fair Value	INR XX crore
Liquidation Value	INR YY crore
Details of the Registered Valuer	[Name of the Registered Valuer (RV)/Registered Valuer Entity (RVE)]
Registration Number	IBBI/RV/XXXX/YYYY
Status of CoP as on appointment date	[active/inactive]
Valuation Date	[dd/mm/yyyy]
VRIN as generated from the website of the Authority.	[Valuation Report Identification Number]

a) Purpose and Scope of Work

The purpose of this valuation is to estimate the *Fair Value* and/or *Liquidation Value* of the Securities & Financial asset(s), as required under the Insolvency and Bankruptcy Code, 2016 and rules & regulations made thereunder. The scope of work as agreed upon in the engagement/appointment letter for the intent and purpose of the assignment should be elaborated.

b) Details of the Registered Valuer & Registration Number

[Name of the Registered Valuer (RV)/Registered Valuer Entity (RVE)] – Securities or Financial Assets Registration Number:

The VRIN shall be mentioned in the footer on the left side of each page of the report.

c) Valuation Details of any other experts involved in the valuation

Provide name, qualifications, and role of any expert, if involved whose input was used in the valuation report.

d) Disclosure of Valuer Interest or Conflict, if Any

The valuer should declare personal, financial, or professional interest in the valuation or any conflict of interest with the client or stakeholders, as per the Companies (Registered Valuers & Valuation) Rules, 2017.

e) Identity of Client/Appointing Authority and Other Intended Users

Client/Appointing Authority: Name and registration number of the insolvency professional [acting as Interim Resolution Professional (IRP), Resolution Professional (RP) or Liquidator as the case may be], other intended users: [if any, e.g., Creditors]

f) Intended Use

This report is intended to determine valuation as per the provisions of the Insolvency and Bankruptcy Code, 2016 and rules and regulations made thereunder.

g) Details of Assets and/or Liabilities being valued

Details may include Classification and Type of assets including intangible assets, quantity, ownership, issuer details, rights, marketability, legal agreements, financial metrics, and regulatory compliance.

h) Background and other Relevant Information about the Asset being valued

- **Type of assets/Instruments:**
- **Issuer:** Company or entity details

- **Quantity and Characteristics:** No. of units, face value, rights, preferences, covenants etc.
- **Ownership Details:** Legal holder, beneficial interest, lien/pledge if applicable etc.
 - **Historical Performance & Marketability:** Trading frequency, market capitalization, volatility, liquidity etc.
 - Loans and Advances extended by CD, KYC of debtors of the CD, business characteristics of debtors, past recovery trends etc.
 - Intangibles including goodwill, customer relationships, intellectual property, domain names, licenses etc.
 - Inventories
 - Receivables – nature, age, past recovery trends, KYC of debtors of CD, ongoing litigations/ results etc.

i) Valuation Currency(ies) and Measurement

The currency used in valuation should be clearly stated. In case of currency other than that locally used Indian Rupees (INR), in the market is used, explanation for the same should be provided. It is also necessary to mention the conversion rate between the two currencies and its source.

j) Sources of Information

- Financials of the CD including explanatory notes to accounts.
- Prospective financial information.
- Summary of Cash and Bank Balance.
- Shareholding patterns.
- Relevant Income Tax Returns, TDS statements.
- GST Cash and Credit Ledgers.
- Information on compensation for owners including benefits and personal expenses.

- Industry reports.
- Forecasts (where available/projected) to be discussed with COC during the meeting to explain methodology.
- Discussions with management along with RP.
- Other relevant information: related party transactions, any personal expenses recorded in business account etc.

k) Basis(es) and Premise of Value Adopted

The RV must select the most appropriate ‘basis and the premises of Value’ for determining fair and Liquidation Value under IBC. The relevant definitions of the adopted ‘basis and the premises of Value’ must be stated with pertinent discussions in the following format:

Basis Adopted

Valuation Purpose	Basis
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**The basis of valuations under IBC is to identify the fair value as defined under regulation 2(1)(hb) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and liquidation value as defined under Regulation 2(1)(k) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.*

Premise Adopted

Asset Type	Premise Adopted	Remarks/Justification
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**The premise of valuations under IBC may include the following—*

- (a) valuation of an asset on a standalone basis;*
- (b) valuation of the assets in a slump sale;*
- (c) valuation of a set of assets collectively;*

(d) valuation of the assets in parcels;

(e) valuation of the CD as a going concern; or

(f) valuation of the business(s) of the CD as a going concern

l) Valuation Standards Followed

RV shall clearly mention the internationally accepted valuation standards and relevant sections thereof used in the report.

m) Valuation Approaches and Methods or Valuation Model(s) Applied

Details of the approaches considered:

- Market Approach
- Income Approach
- Cost Approach

The valuation report must contain a conceptual description of each of these approaches with simultaneous discussion as to its applicability or non-applicability to the assignment on hand and reasoning for the selected approach(es).

Out of the various methods available to estimate the value of the securities or financial assets within the approach(es) selected, the method(s) adopted by the RV with reasons thereof must be provided in the report.

RV shall also provide brief details about the meetings held with members of the committee to explain the methodology being adopted to arrive at valuation as per the requirement of Regulation 35 (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

n) Relevant discounts and premiums

The valuer shall provide a detailed description of all relevant discounts and premiums considered during the valuation process along with the rationale for each adjustment.

o) Sources of Data and Inputs used along with rationale/justification

- Industry reports
- Financial Databases
- Comparable listed entity data
- Forecasts (where available)
- Management discussions
- Relevant capital markets information in case of listed entity (Stock market, merger, and acquisition data).
- Local trends, macro-economic & micro-economic indicators
- Key customers and suppliers; etc
- Any other source, to be specified.

p) Description of Inspections and/or Investigations Undertaken

- Site visits (if applicable – dd/mm/yyyy)
- Management interviews
- Review of contracts/agreements
- Observations about economic/industry environment
- Any other details as considered necessary for the purpose of valuation.

q) Assessment of Sustainability and Functional Factors Considered

- Environmental: Compliance with ESG investing principles
- Social: Impact on stakeholders or societal factors
- Governance: Promoter integrity, board strength, audit history
- Information on major customers, suppliers, contracts, and relationships that effect the business continuity and revenue generation.
- Business risks, future outlook, strategy, and future plans.

- For intangible assets, this includes legal rights, licensing agreements, sublicense agreements, non-disclosure agreements, development rights, and commercialization rights.
- Any other relevant factors considered necessary by the RV.

r) Significant or Special Assumptions, and/or Limiting Conditions

- Reliance on representations
- Material assumptions (e.g., no contingent liabilities unless disclosed)
- Pending litigation, if any, and its impact on valuation.

s) Value and Rationale for Valuation

Fair Value: INR X crore (Asset wise)

Liquidation Value: INR Y crore (Asset wise)

Rationale: Summary of key findings, approach used, and professional judgment applied.

Book Value: INR Y crore (Asset wise)

t) Caveats, Limitations and Disclaimers

Caveats, limitations and disclaimers as per the IBBI (Use of Caveats, Limitations, and Disclaimers in Valuation Reports) Guidelines, 2020.

u) Summary of Conclusions

The valuation report in this section would conclude the identified rights, the approach and method adopted, data availability and provide the final calculation workings (to be supported with Annexures)

v) Annexures

- Appointment letter
- Engagement terms

- Comparable company analysis
- Financial statement extracts
- Computation sheets
- Photographs or screenshots (if applicable)
- Minutes of the meetings/discussions held with committee of creditors.

Note: (1) This is a basic format of valuation report. Additional information items may be included for specific asset classes as required.

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