



IBBI amends CIRP Regulations; substitutes 'fair value' definition and revises valuation process

The Insolvency and Bankruptcy Board of India (IBBI) has notified the *Insolvency Resolution Process for Corporate Persons (Amendment) Regulations, 2026* on **25 February 2026**, further amending the CIRP framework under the Insolvency and Bankruptcy Code, 2016. The amendments significantly refine the **valuation framework**, enhance **disclosure requirements in the Information Memorandum**, and introduce clarity in the **treatment of real estate allottees**, strengthening transparency and procedural robustness in corporate insolvency resolution.

Analysis

➤ **Revised Definition of “Fair Value”**

The amendment substitutes the definition of fair value under Regulation 2. Fair value is now defined as the estimated realizable value of the corporate debtor or its assets on the insolvency commencement date, based on a willing buyer–seller, arm’s length transaction with proper marketing and no compulsion. It expressly includes all assets (tangible and intangible) along with their synergies.

- Regulation 27 mandates that the Resolution Professional appoint two sets of registered valuers within seven days of appointment, with a maximum timeline of forty-seven days from the insolvency commencement date.
- The revised framework under Regulation 35 adopts an asset-class-based valuation approach, requiring each set to include one registered valuer per asset class, with one designated as the Coordinating Valuer. Valuers must disclose their methodology to the Committee of Creditors and conduct physical verification of assets before submitting reports. A third valuer may be appointed where estimates differ by 25% or more or if required by the CoC, with such variation defined as “significantly different.” The fair value and liquidation value are determined as the average of the two closest estimates, and valuation reports must be maintained in Board-prescribed formats.
- The disclosure requirements under Regulation 36 have been expanded to include details of receivables, Joint Development Agreements, assets under attachment (along with authority and status), and particulars of allottees whose claims are reflected in records but have not been filed.



- Regulation 38A now mandates that where details of real estate allottees who have not filed claims are included in the Information Memorandum, the Resolution Plan must specifically provide for their treatment.
- Key Takeaways
 - Valuation framework significantly tightened with asset-class segregation and defined averaging formula.
 - 25% variance rule introduces objective trigger for third valuation.
 - Enhanced Information Memorandum disclosures increase transparency and reduce litigation risks.
 - Mandatory treatment of non-claiming allottees strengthens homebuyer protection.
 - Greater oversight of RPs and valuers through documentation and structured methodology.
- The notification is attached herein.

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