



IBBI amends Pre-Pack CIRP Regulations; revises ‘fair value’ definition and introduces asset-class-based valuation framework

The Insolvency and Bankruptcy Board of India has notified the Insolvency and Bankruptcy Board of India (Pre-Packaged Insolvency Resolution Process) (Amendment) Regulations, 2026 on 25 February 2026, amending the pre-pack CIRP framework under the Insolvency and Bankruptcy Code, 2016. The amendments overhaul the valuation mechanism, introduce an asset-class-based approach, and strengthen procedural transparency in determination of fair value and liquidation value.

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, determined through a willing buyer–seller, arm’s length transaction, after proper marketing and without compulsion. It expressly clarifies that valuation must consider the total realizable value of all assets, including tangible and intangible assets along with their underlying synergies.

- Regulation 38 has been amended to require the appointment of two sets of registered valuers, replacing the earlier requirement of two individual valuers, thereby institutionalising a set-based valuation structure.
- The revised framework under Regulation 39 introduces an asset-class-based valuation mechanism, mandating that each set of valuers include one registered valuer per asset class, with one designated as the Coordinating Valuer in consultation with the Committee.
- The Resolution Professional is required to facilitate a meeting where valuers explain the valuation methodology to the Committee of Creditors prior to computation, enhancing transparency and informed decision-making.
- Each valuer must conduct physical verification of inventory and fixed assets and submit valuation reports in accordance with standards notified by the Board, ensuring greater reliability of valuation outcomes.



- The Coordinating Valuer computes the fair value after considering asset-level valuations (including synergies), and the average of the two closest estimates is taken as the final fair value, with a similar averaging mechanism prescribed for liquidation value across asset classes.
- A new sub-regulation (1A) under Regulation 39 mandates that valuers prepare valuation reports and maintain documentation in Board-prescribed formats, strengthening auditability and regulatory oversight.
- Key Takeaways
 - Shift to set-based and asset-class-driven valuation enhances accuracy and reduces subjectivity.
 - Formal role of Coordinating Valuer streamlines consolidation of valuation outputs.
 - Mandatory methodology disclosure improves CoC oversight and transparency.
 - Physical verification requirement strengthens credibility of valuation reports.
 - Standardised documentation and formats increase regulatory control and audit readiness.
- The notification is attached herein.

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