

The Insolvency and Bankruptcy Code, 2016

IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

Chapter-X Resolution Plan

Regulation 35: Fair value and Liquidation value.

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

(a) the two registered valuers appointed under [regulation 27](#) shall submit to the resolution professional an estimate of the fair value and of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor;

²[Provided that the resolution professional shall facilitate a meeting wherein registered valuers shall explain the methodology being adopted to arrive at valuation to the members of the committee before computation of estimates.]

³[(b) if the two estimates of a value in an asset class are significantly different, or on receipt of a proposal to appoint a third registered valuer from the committee of creditors, the resolution professional may appoint a third registered valuer for an asset class for submitting an estimate of the value computed in the manner provided in clause (a).

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

(i) “asset class” means the definition provided under the Companies (Registered Valuers and Valuation) Rules, 2017;

(ii) “significantly different” means a difference of twenty-five per cent. in liquidation value under an asset class and the same shall be calculated as $(L1-L2)/L1$, where,

L1= higher valuation of liquidation value

L2= lower valuation of liquidation value.]

(c) the average of the two closest estimates of a value shall be considered the fair value or the liquidation value, as the case may be.

⁴[(2) After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the fair value, the liquidation value and valuation reports to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the fair value, the liquidation value and valuation reports and shall not use the information contained in the valuation reports to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of [section 29](#).]

(3) The resolution professional and registered valuers shall maintain confidentiality of the fair value

and the liquidation value.]

References

1. Substituted by IBBI (CIRP) (Amendment) Regulations, 2018 vide Notification No. IBBI/2017-18/GN/REG024, dated 6th February, 2018, w.e.f. 06.02.2018, for the Regulation:

“35. Liquidation value.

(1) Liquidation value is the estimated realizable value of the assets of the corporate debtor if the corporate debtor were to be liquidated on the insolvency commencement date.

(2) Liquidation value shall be determined in the following manner:

(a) the two registered valuers appointed under Regulation 27 shall submit to the interim resolution professional or the resolution professional, as the case may be, an estimate of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the corporate debtor;

(b) if in the opinion of the interim resolution professional or the resolution professional, as the case may be, the two estimates are significantly different, he may appoint another registered valuer who shall submit an estimate computed in the same manner; and

(c) the average of the two closest estimates shall be considered the liquidation value.

**(3) After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the liquidation value and shall not use such value to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29;*

#(4) Subject to sub-regulation (3), the interim resolution professional or the resolution professional, as the case may be, shall maintain confidentiality of the liquidation value.”

Reference

*Substituted by the CIRP (Fourth Amendment) Regulations, 2017 vide Notification No. IBBI/2017-18/GN/REG22 dated 31st December, 2017.

#Inserted by the CIRP(Fourth Amendment) Regulations, 2017 vide Notification No. IBBI/2017-18/GN/REG22 dated 31st December, 2017.

2. Inserted by IBBI (CIRP) (Amendment) Regulations, 2024 vide Notification No. IBBI/2023-24/GN/REG113 dated 15th February, 2024, w.e.f. 15.02.2024.

3. Substituted by IBBI (CIRP) (Second Amendment) Regulations, 2022 vide Notification No. IBBI/2022-23/GN/REG084 dated 14th June, 2022, w.e.f. 14.06.2022, for the clause (b):

“(b) if in the opinion of the resolution professional, the two estimates of a value are significantly different, he may appoint another registered valuer who shall submit an estimate of the value computed in the same manner; and”.

4. Substituted by IBBI (CIRP) (Amendment) Regulations, 2024 vide Notification No. IBBI/2023-24/GN/REG113 dated 15th February, 2024, w.e.f. 15.02.2024, for the sub-regulation:

“(2) After the receipt of resolution plans in accordance with the Code and these regulations, the resolution professional shall provide the fair value and the liquidation value to every member of the committee in electronic form, on receiving an undertaking from the member to the effect that such member shall maintain confidentiality of the fair value and the liquidation value and shall not use such values to cause an undue gain or undue loss to itself or any other person and comply with the requirements under sub-section (2) of section 29:”.

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