

Points to be considered before issuing letter of Assignment by the Insolvency Professionals to the Registered Valuers

The Letter of Assignment (LOA) is to be issued by Insolvency Professional (IP) after discussion with the Registered Valuer (RV) about the assignment and conditions regarding the use of the valuation report considering (but not limited to) the following points.

- (a) IP to ascertain whether (RV) is registered for the appropriate class of Asset with Insolvency and Bankruptcy Board (IBBI) and has required Certificate of Practice (COP) from his Registered Valuer Organisation (RVO). The full details shall be part of the appointment letter.
- (b) RV to ascertain whether the IP is registered with IBBI and has been properly appointed / by Committee of Creditors (COC) / National Company Law Tribunal (NCLT) and it has proper authority to appoint RV. The full details shall be part of the appointment letter.
- (c) Name and address of the IP and Corporate Debtor (CD) under Insolvency Resolution.
- (d) Proper identification of the other intended users.
- (e) Proper identification of Asset/s being valued.
- (f) Clear purpose of the valuation
- (g) The valuation date
- (h) The basis of valuation
- (i) The valuation currency
- (j) The nature and extent of the valuer's work and any limitations thereon.
- (k) The nature and sources of information upon which the valuer relies.
- (l) Significant and/or special assumptions, if any.
- (m) Number of copies of valuation report and the delivery method.
- (n) Format of valuation report, if any.
- (o) Restrictions regarding use and confidentiality of the report.
- (p) Regarding applicability of the Valuation Standards. Whether IVS or any other.
- (q) Assignment duration and associated conditions.
- (r) Provision regarding expert opinion.
- (s) Declaration that the assignment of valuation work does not create a partnership, joint venture, employment or agency obligation between the IP, RV and CD
- (t) The Valuer's Fee. (all details of mobilization advance/part fees/ total fees etc)
- (u) Timely communication regarding changes to conditions agreed in appointment letter or cancellation of appointment and associated conditions.
- (v) Grievance procedure, if any.
- (w) Applicable jurisdiction

(x) Any other relevant point/s based on the facts of the case.

Notes:

(A) Following person/s shall not be appointed as RV :

- i) A partner or director of the IP entity of which the Resolution Professional (RP) is a partner or director.
- ii) An auditor of the CD at any time during the five years preceding the Insolvency commencement date; and
- iii) A relative of the RP;
- iv) A related party of the CD;
- v) Any other related party based on the facts of the case.

(B) The letter of Acceptance by RV to the IP shall also consider the above points.