



# Calendar of Trigger Dates of Valuation under Various Laws

This booklet compiles valuation requirements under five major Indian laws, guiding registered valuers on trigger points and valuation dates for various transactions. The laws covered include:

- The Companies Act 2013,
- Insolvency and Bankruptcy Code 2016,
- Income Tax Act 1961, and
- Foreign Exchange Management Act (FEMA).
- Indian Accounting Standards (Ind AS),

It aims to assist valuation professionals in navigating valuation needs across these statutes efficiently and accurately.



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# Valuation Triggers under The Companies Act, 2013

## Conversion of Section 8 Company

Valuation of assets required before filing for conversion to another company type (Section 8 with Rules 21 & 22).

## Issue of Shares for Non-Cash Consideration

Valuation needed when filing return of allotment for shares issued other than cash (Section 39 with Rule 12(5)).

## Sweat Equity Shares

Fair price justification and valuation of IP/know-how before approval of sweat equity share issuance (Section 54 with Rules 8(6) & 8(7)).

# Additional Companies Act Valuation Activities

## Share Issue Pricing

Valuation before pricing share issues other than rights and ESOP (Section 62(1)(c) with Rule 13(1)).

## Unlisted Entity Share Pricing

Valuation before approval of share issuance to employees or trusts with company loans (Section 67(3) with Rule 16(1)(c)).

## Asset Valuation for Secured Bonds

Valuation of assets provided as security before bond/debenture issuance (Section 73 with Rule 2(ix)).







# Companies Act: Transactions and Liquidation Valuations

## Non-Cash Transactions by Directors

Asset valuation required before approval of non-cash transactions involving directors (Section 192(2)).

## Compromise or Arrangement Filings

Valuation needed before filing applications for compromise among creditors or shareholders (Section 230(2) & (3)).

## Mergers and amalgamations

When Board places their report to the members (Section 232).

## Winding Up Valuation

Asset valuation by appointed liquidator once winding up commences (Section 281(1)(a)).



# Valuation under Insolvency and Bankruptcy Code (IBC), 2016

## Valuation by Registered Valuers

Two valuers appointed by Resolution Professional (RP) once company enters CIRP (Regulation 27 & 35).

## Third Valuer Appointment

RP may appoint a third valuer if significant variance exists between first two reports.

## Valuation during Liquidation

Liquidator may reassess asset valuation if previous CIRP valuation is outdated (Regulation 35).

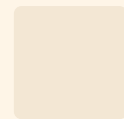
## Voluntary Liquidation Valuation

Valuation required once company resolves to voluntary liquidation (Section 59(3)(b)(ii) & Regulation 3).



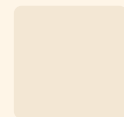


# Additional IBC Valuation Requirements



## Undervalued Transactions

Valuation when RP identifies undervalued transactions requiring assessment (Section 46(2)).



## Fair and Liquidation Value

Determination of fair and liquidation value of corporate debtor assets during fast-track insolvency (Regulation 26 & 34).

# Income Tax Act Valuation Triggers

## Unlisted Company Share Transactions

- Valuation at transfer of shares (Section 56(2)(x), 50 CA & Rule 11UA).
- Valuation at issue of shares at premium (Section 56(2)(viib)). – ***now abolished***
- Valuation at exercise of ESOP shares (Section 17 & Rule 3(8)) – **Merchant banker**

## Arm's Length Pricing & Slump Sale

- Valuation at contracting transactions for arm's length pricing (Section 92 & 93).
- Valuation at slump sale effecting (Section 50B & Rule 11UAE).

## Specified Securities Valuation

- Valuation of specified security or sweat equity shares at option vesting (Section 115WC & Rules 40C, 40D).

# Valuation under Foreign Exchange Laws

1

## Inbound Foreign Investment

Valuation at time of investment in unlisted entities (Master Direction on FDI).

2

## Buy Back from Foreign Shareholders

Valuation at buy back time (Master Direction on FDI).

3

## Conversion of CCPS/CCD

Valuation at conversion if terms not pre-determined (Master Direction on FDI).

4

## Share Transfers Involving Foreign Shareholders

Valuation before approval or at transaction time (Master Direction on FDI & ODI).





# Valuation under Foreign Exchange Laws

1

Share transfer between resident and non-resident or vice versa  
Valuation at time of at the time of transfer of shares in unlisted Indian entities

2

Overseas direct investment (ODI)

Valuation **at** time of investment in entities abroad / acquisition of shares / stake in entities abroad by a resident

3

Disinvestment of ODI

Valuation at the time of transfer / disposal of shares / stake in foreign entities by a resident



# Valuation under Indian Accounting Standards (Ind AS)

## Revaluation of PPE

Valuation at period end as per Ind AS 16 for Property, Plant and Equipment.

## Fair Valuation of Investments

Period end valuation of unlisted investments under Ind AS 109.

## Investment Properties

Year-end valuation for disclosure under Ind AS 40.

## Impairment Testing

Valuation at period end when impairment indicators exist (Ind AS 36).

## ESOP / SAR Accounting

At option grant and period end for performance criteria affecting option price (Ind AS 102).

## Business Combinations

Valuation at acquisition time (Ind AS 103).

## Leases

Valuation at fresh lease acquisition and lease modification (Ind AS 116).

## Non-current Assets held for Sale and Discontinued Operations (Ind AS 105 )