TOURISM FINANCE CORPORATION OF INDIA LIMITED

TREASURY & INVESTMENT POLICY

2018-19

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CHAPTER – I

INTRODUCTION

Treasury & Investment Policy of TFCI lays down the broad policies guidance for treasury & investment operations of the company. The policy aims at laying down guidelines, procedure and risk involved in treasury and investment operations. Entire transactions done by the Treasury Department of TFCI will be governed by this policy.

This Policy will be effective immediately in the form as approved by the Board of Directors. The policy shall be reviewed by the Board on a periodical basis. Any change in the Policy, by way of additions and amendments, if required due to change in statutory laws or change in prudential norms of RBI or change in accounting standards, shall be implemented immediately with a report to the Board of Directors subsequently. However, in general, if any change is required on account of prevailing business practice in India or for better risk management, shall be implemented after approval of the Board of Directors. However, in case of urgent requirement to ensure better risk management, Managing Directors of TFCI is authorized to vary terms of Treasury & Investment Policy on recommendation of the Investment Committee and post facto approval of the Board shall be taken on such amendment.

1.1 OBJECTIVES:

The broad objectives of Treasury Operation are:

- ✓ To invest surplus funds effectively in liquid instruments for meeting requirements for disbursement/debt servicing and other expenses.
- ✓ To seek optimum yield within reasonable level of risk in consonance with liquidity management, quality objectives and market trends.
- ✓ To mobilize resources for the smooth functioning of the business in a cost effective manner and service the lenders.
- ✓ To maintain adequate buffer/develop a contingency strategy for creating liquidity in the event of requirement of funds for unforeseen circumstances.
- ✓ To create a well-diversified portfolio of different instruments across varied maturities with sufficient measures taken to safeguard against liquidity risk and interest rate/exchange risk.
- ✓ To appraise management of the asset liability mismatch position periodically and take necessary steps as required for containing viz; liquidity risk, interest rate risk, market risk, operational risk etc.
- ✓ To strengthen relationship with credit rating agencies, lenders and investors.
- ✓ To comply with RBI and other statutory guidelines related to treasury operations.

1.2 To achieve these broad objectives, three major aspects are to be considered viz; products, process and personnel:

i) PRODUCTS:

For attaining aforesaid objectives, foremost requirement is identification of suitable instruments available with respect to desired risk levels. With liberalization of financial markets and introduction of new products in last few years like perpetual bonds issued by Banks, floating rate bond, Corporate Bond, Interest rate future etc.; investment decision needs to be dynamic and broad based for generating liquidity in case of emergency; for enhancing income through investment across various products; for mitigating risk of the investment portfolio through participation in risk management products; exploring and exploiting different sources for raising funds/resources. Thus, choice of products for distribution of surplus and investment should strictly confirm to the liquidity, safety & return within acceptable risk parameters.

ii) PROCESS:

With the advent of Treasury operations and gradual expansion of the activities horizontally and vertically, it is also necessary to ensure that a proper operating procedures & risk monitoring system should be in place, which should be able to quantify the risks associated so as to ensure that the overall risk remains within the tolerable limits.

iii) PERSONNEL:

For effective treasury management, it is also necessary to have a well-developed team which would help in market analysis be it broad based, sector specific, product specific, which would supplement the decision making process. Efforts should be made in development and strengthening of a proper research team in order to take prudent and sound decisions based on analysis of data/ information.

1.3. VALIDITY OF THE POLICY:

The policy shall be reviewed on annual basis at the beginning of the financial year. Till such review, the existing /current policy shall remain valid. The policy can also be amended during the financial year, if needed, on the recommendation of Risk Committee of Directors and approval of the Board.

CHAPTER – II

STATUTORY COMPLIANCES

All the treasury operations and activities will strictly adhere to applicable requirements

2.1. RBI COMPLIANCE:

TFCI, being a Systematically Important Non-Deposit taking Non-Banking Financial Company comes under the ambit of RBI Guidelines viz. "Non–Banking Financial (Non Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" as amended up to date and any other directions issued by RBI, time to time.

2.2. OTHER COMPLIANCES:

2.2.1 Accounting: Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India shall be followed in so far as not inconsistent with any of RBI Directions.

2.2.2 Submission of Information: Necessary Information as required by RBI or any other statutory body will be submitted in prescribed forms and defined periodicity or as and when required.

2.2.3 Other compliances: Treasury Department with comply with SEBI/RBI/GOI guidelines/directions /requirements/ etc. defined market standard as per bodies like FIMMDA, FEDAI or any other statutory body or market standards.

CHAPTER – III

BORROWING POLICY

One of the main functions of the Integrated Treasury Department of TFCI is mobilization of resources to smoothly run the business of the organization. The duties involved not only include arrangement of funds but also to find the most viable and cost effective source of finance. The sub-functions will include the following:

(1) Mobilization of funds as per the budget and organization's requirements.
(2) Exploring different avenues of financing and choosing the best possible source available akin to the needs of the organization.
(3) Continuous research and analysis of changes in interest rate scenario and restructure liabilities accordingly and reducing cost of borrowings in best possible manner.
(4) Developing and strengthening the relationship with lenders and investors. (5) Timely and smooth servicing of the debt.

TFCI is authorized to raise resources by way of long/medium/short term loan from Banks/financial institutions/others or issue of Bonds/Debentures/other instruments viz Commercial paper, ICDs, short/term deposits, line of credit, structured debts, Corporate Bond etc. The Managing Director is authorized to raise resources and finalise the terms including form of borrowing, quantum of borrowing, timing of issue, issue price, rate of interest, front end fees, repayment period, appointment of managers, brokers and other intermediaries, brokerage and other charges or any other related term or condition regarding the borrowings.

The annual borrowing limits are decided by the Board of Directors in the annual budget approval. In case in any financial year, the actual net borrowings are less than the annual budgeted amount, the said difference can be carried over to the next financial year and utilized till approval of next annual budget.

CHAPTER – IV

INVESTMENT PRODUCTS & LIMITS

1. **UNITS OF MUTUAL FUND:** TFCI can invest the surplus funds in AAA/A1+ rated units of Money market Mutual Fund schemes, Liquid Plus and other similar Debts schemes, by whatever name such schemes are defined, with portfolio having average AUM of Rs.1000 crore or more during the immediately preceding quarter as declared by AMFI in accordance with applicable RBI/SEBI guidelines. Investment decisions in mutual funds would be guided by size of scheme, historical return, volatility/consistencies in return etc.

EXPOSURE LIMITS:

- TFCI can invest 100% of its surplus fund in short-term debt oriented schemes of Mutual funds.
- Investment in a single mutual fund scheme not to exceed Rs.20 crore.

2. **FIXED DEPOSITS/CDs:** TFCI can invest in Fixed/Term deposits/Certificate of Deposits (CDs) in AAA/AA/A1+ rated instruments issued by scheduled commercial banks**,** Public Financial Institution notified u/s 2(72) of the Companies Act 2013.

EXPOSURE LIMITS:

- The total limit for investing in FDs/CDs of PSU banks is 100% of surplus funds. However, investment in FDs and CDs in each bank will be restricted to Rs100 crore or 20% of their net worth, whichever is lower.
- Investment in FDs/CDs of each non-PSU bank will be restricted to Rs50 crore or 15% of their net worth, whichever is lower. However, total exposure in non-PSU banks will be restricted to Rs200 crore.
- Investment in instrument issued by any Public Financial Institution shall be restricted to Rs.20 crore or 15% of their net worth.

The above limits will not include deposit with a Bank in respect to subscription to an IPO through ASBA (Application supported by Block amount), if any.

3. **COMMERCIAL PAPERS:** TFCI may invest its surplus in Commercial Papers(CP) on the basis of market trends, inherent credit risks, prudential exposure limit to any company /group. The company issuing CP be in profit during three immediately preceding financial years and should have short term rating of A1+ or equivalent and long term rating of atleast AA. Subject to the above conditions, CP may be acquired from primary or secondary market.

EXPOSURE LIMITS:

Total Limit: Rs.25 crore which may increase to Rs.100 crore if issued by All-India Public Financial Institutions, PSUs, companies having Maharatna/Navaratna/ Mini-Ratna status.

4. **GOVERNMENT SECURITIES(G-SECS) :** TFCI may transact in G-Secs (including T-bills, CMBs/SDL/IIBs) by way of subscription/auction/OMO conducted by RBI on behalf of Government and also through secondary market. The decision to transaction in G-Secs shall be based on various factors including market dynamics, liquidity of respective instruments and economic scenario.

EXPOSURE LIMITS:

- TFCI may invest 100% of its surplus in T-bills.
- In other case, total exposure not to exceed Rs.100 crore.

5. **CORPORATE BONDS/DEBENTURES:** Investment in Corporate Bonds/debentures in the nature of FCD/PCD/OFCD/Perpetual bonds etc. can be broadly categorized as follows:

(A) **Project related investments:** This may consist of investment in corporate bonds/debentures of industrial concerns acquired as a part of project financing operations by way of direct subscription, underwriting devolvement, conversion of loan / interest due or any other mode of acquisition relating to the project.

(B) **Other investments:** TFCI may invest in bonds/debentures through primary and secondary market after detailed due-diligence & appraisal, fundamental analysis of the company, market study, prevailing and projected interest rate scenario, other macro and micro analysis etc. TFCI can invest only in **secured/unsecured investment grade securities** rated by RBI/SEBI approved rating agencies at the time of investment. However, in case of **unsecured category**, TFCI can invest **only in top rated securities or securities issued by Banks, FIs, PSUs, companies with Maharatna/Navaratna/Mini-ratna status or securities guaranteed by Central/State Govt.**

(C) **Perpetual Bonds:** TFCI may invest in Perpetual Bonds of PSU Banks Bank and in Private Banks subject to minimum credit rating of A+ and AA respectively from RBI accredited rating agencies subject to the approval of the Board.

EXPOSURE LIMITS:

For Project Related investments

- Total investment/exposure in corporate bonds/debentures will be restricted to 20% of total loan book of TFCI. The total loan book as per previous quarter Board approved balance sheet may be considered at the time of investment.
- Investment/exposure in debentures/bonds of another company will be restricted to Rs 50 crore or RBI limit in force at the time of investment, whichever is lower. As on date, RBI limit is 15% of its net owned funds, which may exceed by 5% in case of infrastructure investment i.e. TFCI cannot lend by way of debenture beyond 20% of its net owned funds. However, equity contribution and loan given will be considered in case of utilization of this excess limit.
- Investment/exposure in debentures/bonds of a single group of companies will be restricted to Rs100 crore or RBI limit in force at the time of investment, whichever is lower. As on date, RBI limit is 25% of its net owned funds which may exceed by 10% in case of infrastructure investment. However, equity contribution and loan given will be considered in case of utilization of this excess limit.

For Other Investments:

- The total limit not to exceed 90% of surplus funds at the time of investment.
- The total long term investment in Perpetual Bonds of PSU Banks/Private Banks shall not exceed Rs.150 crore (face value) at any point of time.

6. **EQUITY SHARES/PREFERENCE SHARES/EQUITY DERIVATIVES:** Investment in equity/preference shares by TFCI can be broadly divided into following categories:

(A) **Project related investments:** This may consist of investment in equity/preference shares of industrial concerns acquired as a part of project financing operations by way of direct subscription, underwriting devolvement, conversion of loan/interest, rights shares and any other mode of acquisition, relating to the project.

(B) **Other investments:** TFCI may invest in equity/preference shares after detailed due-diligence & appraisal, fundamental & technical analysis including valuation of the share, market & industry study etc. Accordingly, TFCI may invest in equity/preference shares by subscribing to Initial Public offering (IPO), Follow-on public offering (FPO), Preferential issue, Qualified Institutional Placement (QIP), rights issue, Offer for sale (OFS), Institutional Placement Programme (IPP), purchases from secondary market through a recognized stock exchange or any other mode of investment. TFCI can also trade in Equity Derivatives; however, it will be primarily used as a hedging tool or cost reduction strategy. Investment Committee will decide the shares to be purchased in current and long term segments and the powers relating to trading in futures & options.

EXPOSURE LIMITS:

- Total investment/exposure in equity/preference shares will be restricted to 15% of total loan book of TFCI. The total loan book as per previous quarter Board approved balance sheet may be considered at the time of investment.
- Investment/exposure in equity/preference shares of a single company will be restricted to Rs50 crore or applicable RBI limit in force at the time of investment, whichever is lower. As on date, RBI limit is 15% of our net owned funds which may exceed by 5% in case of infrastructure investment. However, loans given will be considered in case of utilization of this excess limit.
- Investment/exposure in equity/preference shares of a single group of companies will be restricted to Rs.100 crore or applicable RBI limit in force at the time of investment, whichever is lower. As on date, RBI limit is 25% of our net owned funds which may exceed by 10% in case of infrastructure investment. However, loans given will be considered in case of utilization of this excess limit.

SUMMARY OF INVESTMENT PRODUCTS AND LIMITS:

TREASURY PRODUCTS	CATEGORIES	LIMITS
Units of Mutual Funds	AAA /A1+ rated Money market mutual fund schemes/Liquid Plus and other similar debt schemes only in scheme having average AUM of Rs.1000 crore or more during the immediately preceding quarter as declared by AMFI	**Total Limit:** 100% of surplus
		Single Limit: Rs.20 crore in a single mutual fund scheme having AUM not less than Rs.1000 crore.
Government Securities	Central/State Government Securities	**Total Exposure:** Rs. 100 crore.
	Treasury Bills	**Total Limit:** 100% of surplus
Fixed Term Deposit/ Certificate of Deposit (CD) with Banks (FDs and term deposit with maturity not exceeding 1 year & AAA/A1+ rated CDs)	PSU Banks (Fixed Deposits + CDs)	**Total Limit:** 100% of surplus.
		Single Limit: Rs.100 crore or 20% of their networth; whichever is lower.
	Non-PSU Banks (Fixed Deposits + CDs)	**Total Limit:** Rs.200 crore
		Single Limit: Rs.50 crore or 15% of their net worth; whichever is lower.
Short Term Deposit	Public Financial Institution - Deposit Receipt	**Single Limit:** Rs.20 crore or 15% of their networth; whichever is lower.
Commercial Papers	Only top rated papers(A1+ or equivalent)	**Total Limit:** Rs.25 crore which may increase to Rs.100 crore if issued by special category*
Corporate Bond/Debentures	Investment of surplus funds in minimum AA rated PSUs/Banks/FIs Bonds and AAA rated other Corporate Bonds	**Total Limit: 90**% of Surplus funds
Corporate Bonds/Debentures	Project related investments	**Total Limit:** Not to exceed 20% of total loan book.
		Single Limit: Rs.50 crore or RBI limit whichever is lower.
		Group Limit: Rs.100 crore or RBI limit, whichever is lower.
Perpetual Bonds	PSU Banks - minimum A+ rated Bonds Private Bank - minimum AA rated Bonds	**Total Limit:** Not to exceed Rs.150 crore(face value)at any point of time subject to the approval of the Board.
Equity/ Preference Shares /Equity Derivatives	(A) Project related investments (B) Other Investments – in shares approved by Investment Committee (C) Equity Derivatives – As approved by Investment Committee	**Total Limit:** Not to exceed 15% of total loan book.
		Single Limit: Rs.50 crore or RBI limit whichever is lower.
		Group Limit: Rs.100 crore or RBI limit, whichever is lower.

**special category includes securities issued by All-India Financial Institutions, PSUs, companies having Maharatna/ Navaratna/ Mini-ratna status.*

CHAPTER – V
DELEGATION OF POWERS – INVESTMENT

INVESTMENT PRODUCTS *(All figures mentioned*	**AGM**	**DGM/GM**	**CGM/ CFO**	**ED**		**Investment Committee (IC)**	**IC to MD**	**EC/ Board**
Units of Mutual Funds		Total limit – Not more than Rs.50 cr	100%					
Treasury Bills		Total limit – Not more than Rs.25 cr	100%					
Government securities		Rs.10 cr	Rs.25 cr	Rs.50 cr		Rs.100 cr	100%	
Fixed Deposit/ CDs – PSU Banks	Total limit – Rs.25 cr	Total limit – Rs.25 cr	100%					
Fixed Deposit/ CDs – Non-PSU Banks	Total limit – Rs.20 cr	Total limit – Rs.20 cr	100%					
Commercial Papers						Rs.10 cr which may exceed by Rs.40 cr for special category*	100%	
Corporate Bonds / Debentures – Project related								100% (EC)
Corporate Bonds / Debentures – Others							100%	
Perpetual Bonds of PSUs/Private Banks								100% (Board)
Equity / Preference shares/ Equity Derivatives							100%	

**special category includes securities issued by All-India Financial Institutions, PSUs, companies having Maharatna/ Navaratna/ Mini-ratna status.*

Note: "100%" as mentioned above signifies the entire limit corresponding to the Investment Product as defined in Chapter –III.

CHAPTER – VI

DELEGATION OF POWERS– DISINVESTMENT

In case of scheduled redemption or maturity of any investment in a security, an officer of rank Manager and above has the power to undertake such disinvestment. The following chart lays down the delegation of power in case of sale or disinvestment of any security:

INVESTMENT PRODUCTS *(All figures mentioned in Rupees)*	**DGM**	**CGM/CFO**		**IC to MD**	**EC**
Units of Mutual Funds	100%				
Treasury Bills		100%			
Government securities		100% except the powers vested with IC		For long term category and in case of loss exceeding 1 % of cost under current category	
Fixed Deposit/ CDs – PSU Banks				100%	
Fixed Deposit/ CDs – Non-PSU Banks				100%	
Commercial Papers		100%			
Corporate Bonds / Debentures – Project related					100%
Corporate Bonds / Debentures – Others		100% except the powers vested with IC		For long term category and in case of loss exceeding 1% of cost under current category	
Equity / Preference shares – Project related				100%	
Perpetual Bonds(Long term Investment)				100%	
Equity / Preference shares/Equity Derivatives – Others		100% except the powers vested with IC		For long term category and in case of loss exceeding 5% of cost under current category	

CHAPTER – VII

DELEGATION OF POWERS - OTHERS

The following delegation of powers pertains to activities undertaken by Treasury Department in pursuance of achieving its objectives and smooth functioning of operations:

NATURE OF TRANSACTION	AUTHORITY
Borrowings & all related activities	MD
Prepayment of Loans/borrowings	MD
Change in terms & conditions of borrowings, exercise of call option on Bonds/debentures etc.	MD
Payment of scheduled interest on bonds and bank borrowings, redemption of bonds as per schedule and all other servicing of borrowings as per approved schedule	GM and above
Inter class transfer of securities; i.e; from current Investment to Long-term Investment and vice versa	Twice a financial year, i.e; 1st April and 1st October with approval of Board as per RBI guidelines.
Appointment of Rating Agency	MD
All statutory compliances relating to treasury & investment activities e.g. periodical submission of ALM report to RBI	DGM & above
Approval of Brokers – Empanelment, Review and de-Empanelment	MD
Approval for Rates of Brokerage/Commission & similar charges paid to market intermediaries for treasury operations	MD on the recommendation of Investment Committee
Execution/Signing of various forms/letters or any other documents necessary and ancillary to execution of approved activities including Execution/signing of Agreement (Vetted by Legal Department)	Joint signature with CFO
Subscription to/renewal/cancellation of- a) Online Market information (viz. Bloomberg/ Reuters/ Crisil Market Wise/ Capital line/STP etc.), b) membership of agencies like FIMMDA/FEDAI/CCIL/SWIFT etc. c) Revision of approved charges	MD
Payment for a) Online Market information (viz. Bloomberg/ Reuters/ Crisil Market Wise/ Capital line/STP etc.), b) membership of agencies like FIMMDA/FEDAI/CCIL/SWIFT etc.	CFO
Payment to DP/Custodians/STP services providers in respect of transaction charges/custodial charges/Demat charges/statutory charges/any other charges	DGM and above as per rate approved by competent authority

Operations of all type of Bank accounts (in respect of Treasury/ Investment)	Jointly by any two officials with one official not lower than rank of GM.
Opening & Closing of all type of Bank accounts(in respect of Treasury/Investment)	CFO
Payment of Miscellaneous Bank charges e.g; RTGS charges or Bank operational charges	DGM
Any kind of penal charges or any other nature of payment or any activity not covered above	MD

CHAPTER – VIII

COMMITTEES

(A) INVESTMENT COMMITTEE (IC):

As per our delegation of power chart mentioned in Chapter IV to VI, relating to investment, disinvestment and other activities, Investment Committee has been delegated certain powers. The objective of this committee is to make better decisions by pooling the knowledge and expertise of a group of informed persons. Hence, the Investment Committee will comprise the following:

- Executive Director
- Chief General Manager/CFO
- Deputy General Manager(Accounts &Treasury)

The quorum would be two and Executive Director would invariably be present.

(B) ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO):

RBI has a mandatory requirement of an Asset Liability Management (ALM) System for the Non-Banking Financial Companies (NBFCs), as part of overall structure for effective risk management in various portfolios, wherein a half-year reporting to RBI is compulsory in a prescribed format. ALM is a strategic management tool for managing liquidity risk, interest rate risk. A periodic review of Asset liability mismatch and taking measures accordingly will help in administrating and managing the risks involved. ALCO will comprise the following:

- Managing Director
- Executive Director
- Chief General Manager / CFO

The quorum would be two and Managing Director would invariably be present.

CHAPTER – IX

RECOGNITION OF INCOME, CLASSIFICATION & VALUATION OF INVESTMENTS

TFCI, being NBFC-ND-SI, falls under regulatory umbrella of RBI. Thus, "Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" are applicable on TFCI. With respect to recognition of Income, classification and valuation of investments, the criteria and procedure as laid down in said RBI directions are being implemented. The following are the related norms:

1) The dividend declared on shares (final) in the AGM till the close of accounting period is accounted for as income on 'right to receive basis'. No credit is to taken for accrued dividend on preference shares where dividend is in arrears. Interim dividend on equity shares to be accounted for on receipt of dividend.
2) Profit & Loss on sale should be computed with respect to cost of investment on the basis of weighted average approach.
3) All securities with maturity of less than one year will be classified under current categories. For others, investments in securities shall be classified into current and long term, at the time of making each investment.
4) There shall be no inter-class transfer on ad-hoc basis. The inter-class transfer, if warranted, shall be effected only at the beginning of each half year, on April 1 or October 1, with the approval of the Board.
6) The investments shall be transferred scrip-wise, from current to long-term or vice-versa, at book value or market value, whichever is lower;
7) The depreciation, if any, in each scrip shall be fully provided for and appreciation, if any, shall be ignored;
8) The depreciation in one scrip shall not be set off against appreciation in other scrip, at the time of such inter-class transfer, even in respect of the scrip of the same category.
9) Quoted current investments shall, for the purposes of valuation, be grouped into the following categories, viz.,
    a) equity shares,
    b) preference shares,
    c) debentures and bonds,
    d) Government securities including treasury bills,
    e) units of mutual fund, and
    f) others.

Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose, the investments in each category shall be considered scrip-wise and the cost and market value aggregated for all investments in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation shall be provided for or charged to the profit and loss account. If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored. Depreciation in one category of investments shall not be set off against appreciation in another category.

10) Unquoted equity shares in the nature of current investments shall be valued at cost or break-up value, whichever is lower. However, non-banking financial companies may substitute fair value for the break-up value of the shares, if considered necessary. Where the balance sheet of the investee company is not available for two years, such shares shall be valued at one Rupee only.
11) Unquoted preference shares in the nature of current investments shall be valued at cost or face value, whichever is lower.
12) Investments in unquoted Government securities or Government guaranteed bonds shall be valued at carrying cost.
13) Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net asset value declared by the mutual fund in respect of each particular scheme.
14) Commercial papers shall be valued at carrying cost.
15) A long term investment shall be valued in accordance with the Accounting Standard issued by ICAI.
16) Unquoted debentures shall be treated as term loans or other type of credit facilities depending upon the tenure of such debentures for the purpose of income recognition and asset classification.
17) Security Receipts issued by an Asset Reconstruction Company(ARC)/ Securitisation Company(SC) are valued in accordance with RBI guidelines. Accordingly, the net asset value obtained from ARC shall be reckoned for valuation of such investment. Appreciation in the value, if any shall be ignored and depreciation, if any, shall be provided for.
18) In case of unquoted Equity shares with firm buy-back commitment, no diminution shall be considered. However, if there is default in buy-back commitment by the promoter/promoter group, it will be assessed for diminution and provision shall be made. If there is any tangible security against buy-back commitment of the promoter which is enforceable upon any default in the buy-back by the promoter, the availability of such enforceable security may reduce the potential impact of diminution in value of investment, if any. Therefore, in order to reflect a true and fair assessment, the value of such tangible security shall be considered alongwith the value of equity shares for determination of diminution.