True Credits Private Limited

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

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1. INTRODUCTION

True Credits Private Limited ("True Credits" and/or "the Company"), has a strong and committed corporate governance framework which encompasses policies, processes and people, by directing, controlling and managing activities with sensible objectivity, transparency and integrity.

The Company's Corporate Governance Philosophy promotes ethical business practices, transparent disclosures and reporting. It focuses on enhancing stakeholders' value while ensuring statutory compliance, regulatory adherence, and responsible corporate citizenship. The Company fosters ethical conduct throughout the organization to achieve these objectives.

The Company is committed to achieve the highest standards of Corporate Governance.

The Company is a Middle Layer (ML) – Non-Banking Financial Company (NBFC). This Internal Guidelines on Corporate Governance (the "Policy") draws reference from the Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025, as amended from time to time.

2. CORPORATE CULTURE AND VALUES

In order to promote a sound corporate culture and values, the Board shall ensure the following:

delineate the role of various committees (Audit Committee, Nomination and Remuneration Committee, Risk Management Committee or any other Committee)

ensuring that appropriate steps are taken to communicate throughout the Company the corporate values, professional standards or Code of Conduct it sets, together with supporting policies;

employees should be encouraged and able to communicate, confidentially and without the risk of victimization, legitimate concerns about illegal, unethical or questionable practices.

All Directors shall make necessary annual disclosure regarding their change in concern or interest in any company or companies or bodies corporate, firms, or other association of persons including shareholding, directorships and committee positions and shall intimate changes to the Board, as and when they take place.

The Directors shall not disclose any confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, during their term or following termination (by whatever means) to third parties unless expressly approved by the Board or required by law.

All other duties and responsibilities specified in Companies Act, 2013, RBI Directions, or any other law/regulations in force, applicable to the Company.

3. BOARD OF DIRECTORS

a. The Board of Directors constitutes a cornerstone of corporate governance, establishing directives and foundational principles for managerial conduct and operational efficiency, while ensuring the advancement of enduring interests for all stakeholders, encompassing consumers, employees, investors, creditors, and the local community.

b. The Directors present on Board are the optimum combination of financial expertise and professionalism. The Board adheres to the roles and responsibilities entrusted to them by virtue of their position and simultaneously ensures that these duties are performed in an efficient and effective manner.

c. The Board shall have an optimum combination of executive and non-executive directors.

d. The Board of the Company has been constituted in accordance with the Companies Act, 2013, and shall have a minimum of 2 (Two) Directors, being Private Company. Further, pursuant to the Articles of Association of the Company and subject to the provisions of section 149 of the Act and unless and until otherwise agreed and determined by the Company by a Special Resolution, the Board shall consist of maximum 15 (Fifteen) Directors.

e. There shall be a minimum number of four meetings of the Board of Directors held in every financial year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.

f. Quorum for every meeting of the board of directors shall pursuant to the Companies Act, 2013 and applicable Secretarial Standards.

g. The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect along with the explanatory statement annexed to the notice for such motion indicating the justification for appointment of such person.

   Provided that the Company shall ensure compliance with this clause at the time of appointment or re-appointment or any time prior to the non-executive director attaining the age of seventy- five years.

h. The Company may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

be a non-executive director; and not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013

i. The Company shall ensure that approval of shareholders for appointment or reappointment of a person on the board of directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

   Provided that if such appointment or re-appointment of a person to the Board of Directors or as a manager is subject to approval of regulatory, government or statutory authorities, then the time taken to receive such approvals shall be excluded for the purposes of this clause.

   Provided further that the requirements specified in this clause shall not be applicable to appointment or re-appointment of a person nominated by a financial sector regulator, Court or Tribunal to the board of the Company.

j. The Board of Directors shall:
   i. periodically review compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.
   ii. satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management.
   iii. lay down a code of conduct for all members of board of directors and senior management of the Company which shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013. Further the Directors shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.
   iv. be responsible for framing, implementing and monitoring the risk management plan for the Company. Further the Company shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.

k. The directors of the Company shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time
   i. A person shall not be a director in more than seven listed entities: Maximum number of public companies in which a person can be appointed as a director shall not exceed ten.
   ii. Notwithstanding the above, any person who is serving as a whole-time director / managing director in any listed entity shall serve as an independent director in not more than three listed entities

For the above purpose, the count for the number of listed entities on which a person is a director/independent director shall be only those whose equity shares are listed on a stock exchange.

l. A director shall:
   i. not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he/she is a director which shall be determined as follows:
      1. the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies, high value debt listed entities and companies under Section 8 of the Companies Act, 2013 shall be excluded;
      2. for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.
   ii. inform the Company about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.

m. Directors and Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large. Further the senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis

   Explanation. - For the purpose of this sub-regulation, conflict of interest relates to dealing in the shares of the Company, commercial dealings with bodies, which have shareholding of management and their relatives etc.

n. Any vacancy in the office of a director shall be filled by the Company at the earliest.

o. The detailed duties of directors including for Independent Directors shall be referred from applicable regulations viz. Companies Act, 2013, and applicable RBI Directions/Regulations.

4. VACANCIES IN RESPECT OF CERTAIN KEY MANAGERIAL PERSONNEL

Any vacancy in the office of the Compliance Officer shall be filled by the Company at the earliest.

Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director, Manager or Chief Financial Officer shall be filled by the Company at the earliest.

Provided that where the Company is required to obtain approval of regulatory, or statutory authorities to fill up such vacancies, then the vacancies shall be filled up by the Company subject to the regulatory and/or statutory approval.

Further, pursuant to RBI Directions, except for directorship in a subsidiary, Key Managerial Personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL.

5. FEES/COMPENSATION

The Board of Directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors and shall require approval of shareholders in general meeting. The said Shareholder approval shall specify the limits for the maximum number of stock options that may be granted to non-executive directors, in any financial year and in aggregate.

Provided that the requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013.

The Independent directors of the Company shall not be entitled to any stock option.

6. COMMITTEES

The following Committee(s) are framed and adopted by the Board of the Company, and shall form part and parcel of the overall corporate governance framework of the Company.

a. Audit Committee
b. Nomination & Remuneration Committee
c. POSH Committee
d. Risk Management Committee
e. Fraud Risk Management Executive Committee
f. Product & Pricing Committee
g. IT Strategy Committee
h. Information Security Committee
i. IT Steering Committee
j. Asset Liability Committee
k. Customer Grievance Redressal Committee
l. Corporate Social Responsibility Committee

The composition, quorum, periodicity of the meetings is defined in the terms of reference of the respective committee or in the Policies related to the said Committee(s).

The above is an indicative list of the Committees and there might be other Committee of the Board or Executive Committee which are not included above.

7. INDEPENDENT DIRECTORS

The appointment of Independent Directors shall be subject to the provisions of Companies Act, 2013 and applicable RBI Master Directions.

8. PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Board shall formulate the criteria for evaluation of performance of independent directors and the Board and specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

The evaluation of independent directors shall be done by the entire board of directors which shall include:

a. performance of the directors; and
b. fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate. Further the independent directors in the meeting held without the presence of non-independent directors and members of the management shall, inter alia-

a. review the performance of non-independent directors and the board of directors as a whole;
b. review the performance of the chairperson of the Company, taking into account the views of executive directors and non-executive directors;
c. assess the quality, quantity and timeliness of flow of information between the management of the Company and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

9. CHIEF COMPLIANCE OFFICER

The Company shall appoint a Chief Compliance Officer leading the compliance function with specified role and responsibilities in terms of the RBI circular on Compliance Function and Role of Chief Compliance Officer (CCO) - NBFCs under RBI Directions as amended from time to time, and ensure compliances as stated therein read with the Compliance Policy as adopted by the Board.

The Role, structure and operations of the Compliance Function shall be governed by the Compliance Policy of the Company.

10. DIRECTORS AND OFFICERS INSURANCE

The Company shall undertake Directors and Officers insurance (‘D and O insurance’) for all their independent directors of such quantum and for such risks as may be determined by its board of directors.

11. RELATED PARTY TRANSACTIONS

The Company shall comply with the provisions of Companies Act, 2013, and rules framed thereunder along with relevant circulars issued in this regard from time-to-time.

12. POLICIES

The following policies are framed and adopted by the Board of the Company, and shall form part and parcel of the overall corporate governance framework of the Company.

a. Compliance Policy
b. AML/KYC Policy
c. Compensation Policy
d. Fit & Proper criteria Policy
e. Corporate Social Responsibility Policy
f. Prevention and Redressal of Sexual Harassment of Women at workplace
g. Fraud Risk Management Policy
h. Compromise & Settlement Policy
i. Technical Write-off Policy
j. DLG Policy
k. Collection Policy
l. Grievance Redressal Policy
m. Interest Rate Policy
n. Outsourcing Policy
o. Credit Policy
p. Loan to Directors and Senior Management Policy
q. Liquidity Risk Framework

The above is an indicative list of the Policies and there might be other board/committee approved which are not included above.

13. CONFLICT IN POLICY

In the event of any conflict between the provisions of these Guidelines and RBI Notifications(s)/ RBI Circulars/ RBI Master Directions, the Act and rules framed thereunder or any other applicable regulatory/statutory enactments including amendments thereto, RBI Notifications(s)/ RBI

Circulars/ RBI Master Directions, the Act and rules framed thereunder or any other regulatory/statutory enactments shall prevail over these Guidelines.

14. AMENDMENT

The code shall be reviewed annually or earlier, if necessary. Consequent upon any changes in law/rules/regulation/regulatory guidelines etc., such changes shall be deemed to be a part of the Code and same shall be placed before the Risk Management Committee /Audit Committee/Board for ratification/approval.

Notwithstanding anything contained herein this code, in case of any contradiction of the provision of this code with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this code.