

NOMINATION, REMUNERATION AND COMPENSATION POLICY

Western Capital Advisors Private Limited	
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**Western Capital Advisors Private Limited
Nomination, Remuneration & Compensation Policy**

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NOMINATION, REMUNERATION AND COMPENSATION POLICY

1. INTRODUCTION

This Policy has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of Western Capital Advisors Private Limited “**the Company**” in compliance of Section 178(3) of the Companies Act, 2013 (“**Act**”). In case of any inconsistency between the provisions of law and this Policy, the provisions of law shall prevail, and the Company shall abide by the applicable law. In case there are any changes in the law, the Company shall comply with the applicable amended provisions.

In view of the Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025 “Governance Directions”, this Policy has been modified to provide a framework to govern compensation of Key Managerial Personnel (KMP) and Senior Management Personnel. This Policy shall be applicable from April 1, 2026.

This policy supports a high-performance culture aligned with the Company’s vision and goals by rewarding superior performers with differentiated outcomes and by separating increments and performance payouts based on the performance of individuals.

The performance of the Company and its business functions is assessed against the annual budgets and targets set for the year. Individual performance is measured against the Key Result Areas (KRAs) established at the beginning of the year, including any revisions to targets made during the year. The Annual Performance Rating derived from this assessment forms the basis for calculating Performance Pay.

2. OBJECTIVE

- i. To ensure that the remuneration/compensation practices are within the regulatory framework stipulated from time to time by RBI or any other relevant regulatory body.
- ii. To ensure effective governance of remuneration/compensation and alignment of compensation practices with prudent risk taking.
- iii. To ensure that the remuneration/compensation framework aligns with the Company’s long-term objectives, performance orientation, and good corporate governance practices.

3. APPLICABILITY

This Policy shall be applicable to:

- i. Managing Director (MD) & Chief Executive Officer (CEO)
- ii. Chief Financial Officer (CFO)
- iii. Company Secretary (CS)
- iv. Senior Management Personnel

“**Key Managerial Personnel**” (KMP) means

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Company Secretary;
- iii. Whole-Time Director;
- iv. Chief Financial Officer; and
- v. Such other officer as may be prescribed.

“**Senior Management Personnel**” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

4. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (“NRC”) has been constituted for framing, review and implementation of the Company’s remuneration & compensation policy on behalf of the Board and its role is as set out in the NRC Charter.

This Policy will be subject to review by the NRC on an annual basis and approved by the Board.

“Committee” means Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board, from time to time.

5. COMPOSITION OF THE COMMITTEE

The Committee consist of three non-executive Directors out of which two are independent directors as follows:

Sr. No.	Name of the Director	Position	Category
1	Mr. Vinod Kumar Kathuria	Chairman	Independent Director
2	Mr. Ajai Kumar	Member	Independent Director
3	Mr. Prithpal Singh Bhatia	Member	Director

The Company Secretary of the Company shall act as Secretary of the Committee.

The Board has power to re-constitute the committee from time to time in order to make it consistent with the Company’s policy and applicable statutory requirement.

6. APPOINTMENT CRITERIA AND QUALIFICATIONS

- i. The Committee shall identify, ascertain the integrity, qualification, expertise, experience of a person and recommend to the Board for his/her appointment as Director/ KMP/Senior Management Personnel of the Company.
- ii. The Director, KMP and Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and applicable to the Company.
- iii. The Company should ensure that the person so appointed as Director, KMP and Senior Management Personnel shall not be disqualified under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

7. TERM /TENURE OF APPOINTMENT

The Term/Tenure of the Director shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

8. REMOVAL

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP and Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

9. RETIREMENT

The Director, KMP and Senior Management Personnel of the Company shall be eligible for retirement as per the applicable provisions of the Companies Act 2013 and any prevailing policy of the Company in relation to retirement of employees.

10. REMUNERATION

In the formulation of Remuneration Policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors prescribed under Section 178(4) of the Act which are, as under:

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. Remuneration to directors, key managerial personnel and Senior Management Personnel involves a balance between fixed and variable pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The policy has also been framed in accordance with the RBI Governance Directions to provide a framework to govern compensation of KMPs and Senior Management Personnel.

10.1 Remuneration for Independent Directors and Non-Independent Non-Executive Directors

- i. Independent Directors (“ID”) and Non-Independent Non-Executive Directors (“NED”) may be paid Sitting Fees (for attending the meetings of the Board and of Committees of the Board of which they may be Members) and Commission within regulatory limits.
- ii. Within the parameters prescribed by law, the payment of Sitting Fees and Commission will be recommended by the NRC for approval of the Board.
- iii. Overall remuneration (Sitting Fees and Commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration, the challenges faced by the Company and its future growth imperatives).
- iv. Overall remuneration should be reflective of the size of the Company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay the remuneration.
- v. Overall remuneration practices should be consistent with recognized best practices.
- vi. Quantum of Sitting Fees may be subject to review on a periodic basis, as required.
- vii. The aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters, as may be decided by the Board.
- viii. The NRC will recommend to the Board, the quantum of Commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent at Board and Committee meetings, individual contribution at the meetings and contributions made by directors, other than at Board and Committee meetings.

- ix. In addition to the Sitting Fees and Commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his / her role as a Director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board Committee meetings, General Meetings, court convened meetings, meetings with Shareholders / Creditors / Management, site visits, induction and training (arranged by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a director.

10.2 Remuneration for KMP and Senior Management Personnel

10.2.1 Compensation to KMPs and Senior Management Personnel shall be determined based on the following principles:

- i. The level and composition of compensation is reasonable and sufficient to attract, retain and motivate the Senior Management Personnel team of the quality required to run the Company successfully, which means compensation should be:
 - a. market competitive ('market' for every role is defined as companies from which the Company attracts talent or companies to which the Company loses talent).
 - b. driven by the role played by the individual.
 - c. reflective of the size of the Company, complexity of the sector / industry / Company's operations and the Company's capacity to pay.
- ii. The remuneration mix for the MD/ EDs should be as per the contract approved by the Shareholders. In case of any change which is beyond the remuneration approved by the Shareholders, the same would require the approval of the Shareholders
- iii. Linkage of compensation to appropriate performance benchmarks.
- iv. Compensation outcomes are symmetric with risk outcomes and pay-outs thereof are sensitive to the time horizon of the risk.
- v. Compensation structure will have a proper balance between Fixed Pay and Variable Pay.
- vi. The deterioration in the financial performance of the Company / business segment/ function/ individual can lead to a contraction in the total amount of variable pay, which can even be reduced to zero for a particular year depending on the performance outcome of the year.

10.2.2 Composition Structure

Compensation structure broadly consists of following elements:

- i. Fixed Pay (TFP):

All the fixed elements of compensation, including the perquisites and contributions towards superannuation/retiral benefits, as reflected in the Form 16 of the employee will be treated as part of fixed pay.

All perquisites that are reimbursable may also be included in the fixed pay so long as there are monetary ceilings on these reimbursements. Monetary equivalent of benefits of non-monetary nature (such as free furnished house, use of company car, etc.) may also be part of fixed pay.

ii. Variable Pay (VP):

- a. The variable pay shall be in the form of share-linked instruments, or cash or a mix of cash and share-linked instruments. There shall be proper balance between the cash and share-linked instruments.
- b. The total variable pay needs to be commensurate with the role and prudent risk-taking profile of KMP / senior management Personnel. It should be truly and effectively variable such that it may be reduced to zero based on performance at an individual, business-unit and company-wide level.
- c. Deferral of variable pay: Not all the variable pay awarded after performance assessment may be paid immediately. Certain portion of variable pay may be deferred to time horizon of the risks, if need arises.

The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay.

- d. Compensation for KMPs and Senior Management Personnel in Control and Assurance functions: KMPs and Senior Management Personnel engaged in financial control, risk management, compliance and internal audit will be compensated in a manner that is independent of the business areas they oversee and commensurate with their role in the Company.

iii. Guaranteed bonus:

Guaranteed bonus shall not be paid to KMPs and Senior Management. However, in the context of new hiring, joining/sign-on bonus may be considered, and such bonus will neither be considered part of fixed pay nor of variable pay for the purposes of this policy.

iv. Malus and Clawback:

Malus arrangement permits the Company to prevent vesting of all or part of the variable pay which has been deferred. It does not reverse vesting after it has already occurred.

Clawback is a contractual agreement between the employee and the Company in which the employee agrees to return previously paid or vested compensation attributable to a given reference year in which the incident has occurred. The return would be in terms of net amount.

Malus and Clawback provisions shall apply regardless of whether the employee is in the employment of the Company or has separated.

A. Framework to invoke Malus/ Clawback

Relevant factors to be considered:

- a. Material failure in risk management controls or material losses due to negligent risk-taking which are attributable to the employee, whether directly or indirectly.
- b. Wilful misrepresentation / misreporting of information about the Company.
- c. Non-disclosure of material conflict of interest by the employee or any misuse of official powers.
- d. Commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude or breach of integrity, gross or willful insubordination, or any other act detrimental to the interest of the Company.

- e. Material breach of the Company Code of Conduct, policies, regulatory requirements, or such other instance for which the NRC, in its discretion, deems it necessary to apply malus or / and clawback provisions.

B. Guidelines for Implementation

- a. This Policy will be binding on all KMPs and Senior Management covered under the purview of this Policy and terms of their compensation shall automatically stand revised in accordance with this Policy as amended from time to time.
- b. The NRC shall review the incident/act of misconduct to ascertain the degree of accountability attributable to the concerned employee and may decide to apply malus and/or clawback on none, part or all the unvested/vested deferred variable compensation based on the outcome of the evaluation.
- c. The provision relating to malus would entail forfeiture of full or part of the unvested/unpaid part of the deferred variable pay, attributable to a given reference year wherein the incident has occurred. In case the stock options are unvested or have vested but not been exercised, upto 100% of such stock options can be forfeited.
- d. The provision relating to clawback would entail return of full or part of the variable pay (net of taxes) paid, attributable to a given reference year wherein the incident has occurred. Such return would always be in cash. The Company will have a right to set off the clawback amount against any amount payable to the concerned employee. In case of ESOPs, where the vested stock options have already been exercised, the employee shall return in cash, fair value of such options (or part thereof) at the time of grant, using Black-Scholes model.

10.2.3 Treatment in case of Separation

- i. Resignation: An employee who resigns after the 1st tranche of the Variable Pay will be paid the remaining tranches as per the said provisions of this policy. An employee resigning before the 1st tranche is paid shall not be entitled to any Variable Pay.
- ii. Retirement/Superannuation/authorized long leave/sabbatical: The employee would be paid the Variable Pay which he/she is eligible for as set out in this policy.
- iii. Death/permanent incapacitation: In case of death/permanent incapacitation, the entire amount of the Variable Pay the employee is/was eligible for would be paid to the nominee as per HR records in case of death or to the concerned employee in case of permanent incapacitation and would not be deferred.
- iv. Termination: No further payment of deferred variable pay will be made, whether vested or unvested, post the date of Termination. Any amount paid under variable pay prior to termination will be governed by the Clawback Clause above.

10.3 Remuneration rest of the employees other than Directors, KMP and Senior Management Personnel

- i. The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for their roles.

Hence, remuneration should be:

- a. market competitive ('market' for every role is defined as companies from which the company attracts talent or companies to which the company loses talent);
- b. driven by the role played by the individual;
- c. reflective of the size of the company, complexity of the sector / industry / Company's operations and the Company's capacity to pay;
- d. consistent with recognized best practices; and

- ii. In terms of remuneration mix or composition,
 - a. Basic / fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
 - b. In addition to the basic / fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursing or insurance cover and accidental death and dismemberment through personal accident insurance.
 - c. The compensation of individuals in key roles that have a significant impact on the growth and sustainability of the Company will have an additional component of Long-Term Incentive Plan in the form of Employee Stock Options (ESOP) or any other equivalent instrument.
 - d. the Company provides retirement benefits, as applicable.
 - e. The Company will provide the employees, a performance linked incentive pay. The performance linked pay would be driven by the outcome of the performance appraisal process and the performance of the Company.

11. EVALUATION

The Performance evaluation is to be conducted as per the provision of the Companies Act, 2013. The Committee shall carry out evaluation of performance on a yearly basis.

The Committee shall monitor and review board evaluation framework, conduct an assessment of the performance of the Board against criteria as determined and approved by the Committee.

The performance evaluation of Independent Directors shall be done by entire Board of Directors, excluding the director being evaluated and evaluation of the board as a whole shall be done by the Independent Directors.

12. AMENDMENTS

This policy can be amended by the Board of Directors on its own or based on the recommendation made by the Nomination and Remuneration Committee from time to time.