

**Subject: Clarification with respect to Postal Ballot Notice dated 19<sup>th</sup> October 2022.**

In reference to the captioned subject, please take note that the Company has sought the approval of its shareholders to ratify the existing employee stock option scheme of the Company i.e., Dreamfolks Employee Stock Option Plan, 2021 ("**ESOP Scheme 2021**") vide Postal Ballot Notice.

In the said respect, the Company would like to clarify the following :

1. As of now the Company doesn't intend to grant ESOPs to employee forming part of group companies including holding company, subsidiary and associate company, in or outside India ("**Group Companies**") under the ESOP Scheme 2021 and accordingly the Company has not sought the approval of its shareholders for grants of ESOPs to the employees of the Group Companies in the ongoing postal ballot process. The Company will take necessary prior approval of its shareholders as and when the Nomination and Remuneration Committee ("**NRC**") of the Company decides to grant ESOPs to employees of Group Companies. Kindly also take note that the definition of the term 'Employee' as provided in ESOP Scheme 2021 is a statutory definition and is provided to enable the Company to grant ESOPs to the employees of Group Companies, as and when it decides to do so.
2. The exercise price provided in the Postal Ballot Notice is the minimum exercise price and not maximum. The scheme allows the NRC to decide the exercise price at the time of grant, which will consider prevailing market price and other conditions on the Grant Date in order to decide the exercise price. Further, the un-utilized pool would be granted, to the eligible employees, over a longer period which will be well more than a year.
3. The ESOP Scheme 2021 defines eligibility for the purpose of becoming eligible for receiving the options and for the purpose of vesting of options. Eligibility conditions includes conditions like designation, period of service, loyalty, work ethics, moral etc. Further NRC would be responsible to define the vesting parameter including but not limited to performance linked parameters, period of service, and continued employment with the Company etc. These parameters are primarily linked with the employee's annual key responsibility areas and performance matrix assigned to them based on the Company approved annual plans. These parameters vary from function to function and year-on-year.

Thanking You.

Yours Faithfully,

Rangoli Aggarwal  
Company Secretary and Compliance Officer  
Dreamfolks Services Limited