



Stakeholders Empowerment Services

Analyze >>> Educate >>> Empower

Proxy Advisory Report (Addendum) Dreamfolks Services Ltd

ABOUT SES

Stakeholders Empowerment Services (SES) is a Corporate Governance research and advisory firm. SES assists investors to analyze governance practices including matters relating to sustainability, prevalent at listed entities and empower Investors to undertake meaningful engagement with Investee entities.

SES SERVICES

Proxy Advisory:

Advises investors on the matters that require shareholder approval at listed entities and identify Governance issues. [Read More](#)

ESG Scores:

Analyze sustainability initiatives of Companies based on various environmental, social and governance factors. [Read More](#)

Corporate Governance Score (CGS):

CGS model measures the Company's compliance and also evaluates the governance practices with respect to global benchmarks. [Read More](#)

Governance Research:

In-depth and robust analysis on various topic to identify governance issues relating to companies, transactions, sectors and even the broader markets. [Read More](#)

E-Ballot:

Online Vote Management System to cater to requirements of Institutional Investors. One stop solution for investors – from accessing proxy reports and voting advice to recording votes and generating customized MIS reports. [Read More](#)

SES AIMS:

Designed primarily for Institutional investors to carry out their stewardship activities in an efficient manner. [Read More](#)

BRSR: SES has developed an Online web-based platform where in the Company can fill all its BRSR related data and generate its BRSR Report seamlessly online. [Read More](#)

BRSR Guide on relevant sector: [Read more](#)

COMPANY INFORMATION

BSE CODE: 543591

NSE SYMBOL: DREAMFOLKS

ISIN: INE0JS101016

Industry: Airport & Airport services

Email: investor.support@dreamfolks.in

Phone: 0124-4173 560

Registered Office: 22, DDA Flats, Panchsheel Park, Shivalik Road, New Delhi, Delhi, 110017

MEETING DETAILS

Meeting Type: PB

Voting Deadline: 20th November, 2022

Notice Date: 19th October, 2022

Notice: [Click here](#)

Annual Report: [FY 2021-22](#)

E-VOTING DETAILS

e-Voting Platform: [NSDL](#)

Cut-off Date: 14th October, 2022

Remote E-voting:

- **Start:** 22nd October, 2022
- **Ends:** 20th November, 2022

ADDENDUM REPORT RELEASE DATE: 14th November, 2022

RESEARCH ANALYST: JAHNAVI JAIN

CONFLICT DISCLOSURE: SES - NO CONFLICT | ANALYST - NO CONFLICT



ADDENDUM

This Addendum is being issued based on an e-mail dated 11th November, 2022 sent by Dreamfolks Services Ltd ('the Company') w.r.t. Proxy Advisory Report ('[PA Report](#)') issued by SES in relation to the ongoing Postal Ballot of the Company having e-voting deadline on 20th November, 2022.

There is no change in SES recommendation.

BACKGROUND

SES, as per its policy, had e-mailed its Proxy Advisory Report ('[PA Report](#)') to the Company on 10th November, 2022 in respect of the ongoing PB of the Company.

Post release of the PA Report, SES received an email from the Company providing certain clarifications, which has been reproduced in **blue text** along with the SES Response (**in black**).

SES COMMENTS ON COMPANY'S RESPONSE

1. *Separate resolutions for subsidiaries not sought:*

The definition of "Employees" include – "an employee of a group company including subsidiary or its associate company in India or outside India, or of a holding company in India or outside India of the Company". Please note that the definition in the ESOP Scheme is a statutory definition as required by the regulation. As and when the Company will grant options to employees of subsidiaries, it will take necessary prior approval of its shareholders. We have not sought approval of shareholders for granting options to subsidiary since we don't intend to grant them in near future. PS: we don't have any material subsidiary.

SES COMMENT:

The language used in the Notice indicates that stock options shall be granted to employees of subsidiaries (future) as well. Such language is not only appearing under the employee definition, but also under the vesting section, as already highlighted in the PA Report.

This is against the provision contained under the SEBI (SBEB & SE) Regulations.

However, the Company has stated that it shall seek separate approval in case it will grant options to employees of subsidiaries, if any in future.

Had such information been clearly provided in the Notice, SES analysis might have been different. Having said that, shareholders may note the affirmation / clarification provided by the Company.

2. *Excessive maximum benefits per employee*

The scheme specifically mentions that if the number of Options that may be offered to identified Employees, during any one year, is equal to or more than 1% (one percent) of the issued share capital (excluding outstanding warrants & conversions) of the Company at the time of Grant of Options, then the Company shall take prior approval from members of the Company by way of a special resolution. Further, please note that the un-utilized pool would be granted, to the eligible employees, over a longer period which will be well more than a year.

SES COMMENT:

SES is of the opinion that every scheme must provide an absolute cap on the overall options to be granted to its employees (in aggregate and during one financial year), especially when the exercise price can possibly be at a significant discount (₹ 96.46 vs ~₹ 400 [market price]). In absence of such absolute cap, shareholders of the Company may not be able to ascertain the economic benefit to be extended to its employees.

Shareholders may take note of the Company's response along with SES Comments thereon, and take an informed decision.



COMPANY'S E-MAIL DATED 11TH NOVEMBER, 2022

Dear Sir/Mam,

We would like to clarify and share information on the Rationale highlighted in the attached report.

1. *Separate resolutions for subsidiaries not sought:*

The definition of "Employees" include – "an employee of a group company including subsidiary or its associate company in India or outside India, or of a holding company in India or outside India of the Company". Please note that the definition in the ESOP Scheme is a statutory definition as required by the regulation. As and when the Company will grant options to employees of subsidiaries, it will take necessary prior approval of its shareholders. We have not sought approval of shareholders for granting options to subsidiary since we don't intend to grant them in near future. PS: we don't have any material subsidiary.

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We request you to consider the above explanation.

Best Regards,

xxxxxx

Company secretary and Compliance Officer

Email : compliance@dreamfolks.in



Meeting Type: Postal Ballot

Voting Deadline: 20th November, 2022**Disclaimer****Sources**

Only publicly available data has been used while making the report. Our data sources include Notice of Shareholders' Meeting, BSE, NSE, SEBI, Capitaline, MCA, Moneycontrol, Businessweek, Reuters, Annual Reports, IPO Documents and Company Website.

Analyst Certification

The Analyst(s) involved in development of this Report certify that no part of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this Report. The concerned Research Analyst(s) and Director(s) do not have any pecuniary relationship with the Reported Company, except that they may be holding miniscule shares in the Company which does not impact their independence in respect of this Report.

SES may be a shareholder in the Company holding equity shares as disclosed on its [website](#). The objective of SES' investment is solely to obtain Shareholders' communications from the Company as a shareholder.

CAUTIONARY STATEMENT

The recommendations made by SES are based on publicly available information and conform to SES's stated Proxy-Advisory Guidelines. SES opinion is based on SES's interpretation of law and governance benchmarks, which may differ from opinion/ benchmarks of other analysts or practitioners. Further, SES analysis is recommendatory in nature and reflects how SES would have voted if it was a shareholder. Therefore, SES expects that the clients will evaluate the effect of their vote on their investments independently and diligently and will vote accordingly. Subscribers may also carry out an impact analysis of their votes and keep the same as an addendum for their records. In our opinion, Institutional investors are positioned significantly differently from other shareholders due to their ability to engage the board and the management to bring out desired result. As a firm, it is our endeavour to improve the level of corporate governance while not causing any disruption in company's proceedings and therefore we respect the independence of investors to choose alternate methods to achieve similar results.

Disclaimer

While SES has made every effort, and has exercised due skill, care and diligence in compiling this report based on publicly available information, it neither guarantees its accuracy, completeness or usefulness, nor assumes any liability whatsoever for any consequence from its use. This report does not have any approval, express or implied, from any authority, nor is it required to have such approval. The users are strongly advised to exercise due diligence while using this report.

This report in no manner constitutes an offer, solicitation or advice to buy or sell securities, nor solicits votes or proxies on behalf of any party. SES, which is a not-for-profit Initiative or its staff, has no financial interest in the companies covered in this report except what is disclosed on its website. The report is released in India and SES has ensured that it is in accordance with Indian laws. Person resident outside India shall ensure that laws in their country are not violated while using this report; SES shall not be responsible for any such violation.

All disputes shall be subject to jurisdiction of High Court of Bombay, Mumbai.

Concern terminology

NC – Compliance Concern: The Company has not met statutory compliance requirements

FC – Fairness Concern: The Company has proposed steps which may lead to undue advantage to a particular class of shareholders and can have adverse impact on non-controlling shareholders including minority shareholders

GC – Governance Concern: SES questions the governance practices of the Company. The Company may have complied with the statutory requirements in letter. However, SES finds governance issues as per its standards.

TC - Disclosures & Transparency Concern: The Company has not made adequate disclosures necessary for shareholders to make an informed decision. The Company has intentionally or unintentionally kept the shareholders in dark.

Company Information

Stakeholders Empowerment Services

SEBI Reg. No. INH00000016

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