

**Impressive background and business model..**

Dreamfolks Services Limited ("Dreamfolks") was incorporated on April 24, 2008. Dreamfolks is a dominant player and India's largest airport service aggregator platform (with a share of over 80% in the domestic lounge access market) facilitating an enhanced airport experience to passengers leveraging a technology driven platform. The Company's asset-light business model integrates global card networks operating in India, credit card and debit card issuers and other corporate clients, in India, including airline companies with various airport lounge operators and other airport related service providers on a unified technology platform.

Dreamfolks facilitates customers of Clients' access to the following airport related services (i) lounges, (ii) food and beverage (iii) spa, (iv) meet and assist, (v), airport transfer (vi) transit hotels /nap room access, and (vii) baggage transfer. The Company's platform and services portfolio allows Card Networks, Card Issuers, and Corporate Clients to build bespoke solutions addressing disparate aspects of airport services for Consumers. The Company facilitates access to 100% of the 54 lounges currently operational in India, and also enjoyed a market share of over 95% of all India issued credit card and debit card access to airport lounges in Fiscal 2022.

Dreamfolks has tie-ups with some of India's prominent corporates including airline companies, telecommunications company, OTA, loyalty aggregators, and other corporates such as Interglobe Aviation Ltd, Go Airlines Ltd, Air Asia (India) Ltd, Vodafone Idea Ltd, Jet Privilege Pvt Ltd, Hettich India Pvt Ltd, Easy Trip Planners Ltd and Mahindra Holidays and Resorts India Ltd. This enables them to broaden their customer base. The Company has also provided meet-and-assist solutions to a pan-India hospital chain. The Company has been associated with the airport lounge programmes of clients such as RuPay, ICICI Bank Ltd, HDFC Bank Ltd (in respect of debit card lounge program), Axis Bank Ltd, and Standard Chartered Bank. Dreamfolks was the launch partner for Rupay's domestic lounge access programme.

The Company's experienced Promoters and senior management team have contributed significantly to its growth. The Company's Promoters, Liberatha Peter Kallat (who is also the Chairperson and Managing Director), Dinesh Nagpal and Mukesh Yadav, have conceptualised, and have been instrumental in formulating, its business model and continue to be involved in different aspects of its business. Liberatha Peter Kallat has significant experience in the hospitality industry and she has worked with Indian and global multinational companies such as Indian Hotels Company Limited. Liberatha has been instrumental in envisioning the business opportunities and growth potential of the industry. She has been at the forefront of incubating the industry which has led to the first mover advantage. This first mover advantage along with its business model is one of the key reasons for the Company's dominance in the industry. Liberatha's deep understanding of the industry and her direct involvement with key Clients and Operators forms the bed-rock of its business relationships. The Company's business is ably supported by an experienced team of professionals such as Balaji Srinivasan, Executive Director and Giya Diwaan, CFO.

**Strong industry tailwinds**

In India between September 2017 and September 2021, (i) the number of outstanding credit cards increased from 33 million to 65 million and (ii) the number of outstanding debit cards issued increased from 819 million to 920 million, at a CAGR of 18.17% and 2.93%, respectively. In India, air travel passengers are increasingly using lounges at airports. For instance, the total number of passengers using lounge facilities at airports in India increased from 5.1 million in Fiscal 2018 to 7.5 million in Fiscal 2020 (pre-COVID-19), at a CAGR of 21.27%. (Source: Red Herring Prospectus).

Type of Issue	Offer for sale of 17,242,368 Equity shares
Issue size	Rs. 562.1 Crore at the upper end of the price band
Issue date	August 24, 2022 - August 26, 2022
Listing date	September 06, 2022
Price Band	₹308 - ₹326 (Face value: ₹ 2)
Bid lot	46 equity shares and in multiple thereof
Issue structure	QIB - 75%, NIB - 15%, Retail -10%
Post issue shares	5.22 Crore equity shares
Promoter Public	Pre IPO: 100.00 %   Post IPO: 67% Pre IPO: -   Post IPO: 33%
Post issue market cap	₹1,703 Crore
BRLMS	Equirus Capital, Motilal Oswal Investment Advisors
Registrar to the issue	Link Intime India Pvt Ltd

Particulars (₹ Crore)	FY22	FY21	FY20
Revenue from operations	282.50	105.63	367.04
EBITDA	24.04	2.09	45.85
EBITDA (%)	8.50%	1.98%	12.49%
Profit before tax	20.48	(0.20)	43.56
Profit for the period	16.25	(1.45)	31.68
PAT margin (%)	5.75%	(1.37)%	8.63%
Equity share cap.	10.45	4.75	4.75
Networth	82.17	64.30	65.51
Book value (₹)	15.73	12.31	12.54
Post IPO EPS (₹)#	2.98	(0.28)	6.06
P/E (x)	109.39	-	53.79
RoNW (%)	19.78%	(2.25)%	48.36%
RoCE (%)	23.99%	0.74%	63.46%

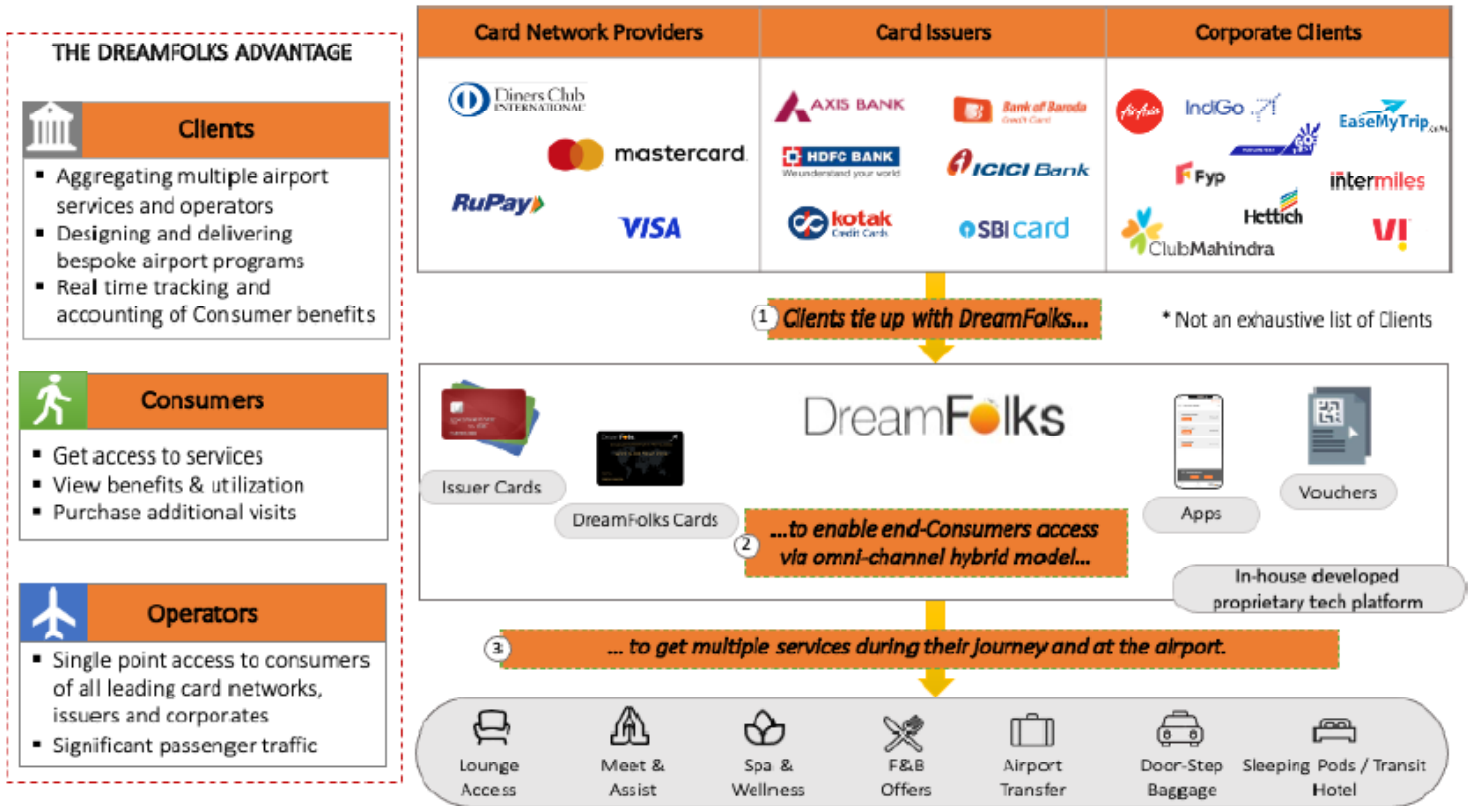
Source: Source: RHP, Restated Consolidated; # calculated on increased share capital

In Fiscal 2021 and Fiscal 2022 number of Pax was 1.38 million and 3.53 million respectively. With Client accretion, and more importantly, the expected increase in the number of outstanding cards and the frequency of lounge access, the number of consumers the Company can service increases.

**Investment recommendation and rationale**

At the upper end of the price band of ₹326, the Company's IPO is valued at P/E of 109.39x at FY22 EPS (FY22 was affected by COVID-19 variant Delta and Omicron) and valued at a P/E of 53.79x on FY20 EPS (Pre COVID-19 era) which is at premium. We have not considered FY21 performance as it was severely affected by the COVID-19 pandemic. We are "Neutral" the issue. The Company enjoys the following: a) Dominant player in the airport lounge aggregation industry in India with strong tailwinds, b) Entrenched relationships with marquee Clients including global card network providers in India and prominent Indian and global banks and corporates, c) Strong business moat due to flywheel effect led by Clients and Operators network, d) Ability to capitalize on growing Consumer base with no associated costs of direct Consumer acquisition, e) Asset and human resource light business model with a strong track record of delivering consistent growth, f) Proprietary technology platform that ensures scalability, g) Experienced promoters and management team with strong domain expertise, h) the Company has raised Rs. 252.94 crore from 18 anchor investors which instills confidence in the issue.

**About its Business**



Source: Red Herring Prospectus (RHP)

Dreamfolks Services Limited (“Dreamfolks”) is a dominant player and India's largest airport service aggregator platform facilitating an enhanced airport experience to passengers leveraging a technology driven platform. The Company's asset-light business model integrates global card networks operating in India (Card Networks), credit card and debit card issuers (Card Issuers) and other corporate clients, in India, including airline companies (Corporate Clients) and along with Card Networks and Card Issuers, the Clients) with various airport lounge operators and other airport related service providers (collectively, the Operators) on a unified technology platform. The Company facilitate customers of clients’(Consumers) access to the following airport related services (i) lounges (ii) food and beverage (iii) spa (iv) meet and assist (v) airport transfer (vi) transit hotels /nap room access and (vii) baggage transfer, (collectively, the Services).

The Company's dominance is underpinned by facilitating access to 100% of the 54 lounges currently operational in India, and they also enjoyed a market share of over 95% of all India issued credit card and debit card (Card Based) access to airport lounges in Fiscal 2022. Additionally, in Fiscal 2022, the Company also accounted for around 68% of the overall lounge access volume in India. Further, as at March 31, 2022 through their partnerships with other service providers, Dreamfolks has a global footprint extending to 1,416 Touch-points in 121 countries across the world out of which, 244 Touch-points are present in India and 1,172 Touch-points overseas.

Dreamfolks began effective operations in 2013 by facilitating lounge access services for the consumers of Mastercard and, currently, provide services to over the years, they have transformed from being an airport lounge access aggregator to an end-to-end technology solutions provider for designing and delivering services that enhance the airport experience. They have crafted their service proposition to provide clients the option of offering a wide ranging bouquet of services to the consumers. Currently, they facilitate consumers’ access to a host of services: from door-step to the airport, within the airport, and again from the airport to the door-step at the destination. Company’s first mover advantage in the lounge access aggregator industry in India has enabled them to become a dominant player in the industry with a share of over 80% in the domestic lounge access market in India.

The Company's platform and services portfolio allows Card Networks, Card Issuers, and Corporate Clients to build bespoke solutions addressing disparate aspects of airport services for Consumers. Card Networks and Card Issuers can avail of any of the Services and may provide complimentary lounge access and complimentary access to other Services to the Consumers as part of their offerings under eligible credit and debit cards programmes, and the Company enable this access across Services. Corporate Clients also leverage our solutions to extend benefits to their user base and facilitate access to Services.

The Company provides Clients the option of providing the Consumers different mechanisms to access certain airport related services like lounges via the more traditional mechanisms like credit cards or debit cards, membership cards, or via digital solutions such as mobile applications using its hybrid technology. The Company also focuses on the Operators who provide the Services and give them the option of a single point access to the Consumers

along with consolidated footfall and revenue, while also providing them technology to validate the benefits available to Consumers, provide Card Based and digital access, and billing.

Source: Red Herring Prospectus (RHP)

### Company's services

The Company's service offerings have increased significantly, and has continued to augment its Client base over the years and, as at March 31, 2022, have 50 Clients including the Card Networks and many of India's prominent Card Issuers. Further, the Company had long association with a number of its Clients, and its top 5 Clients, as of March 31, 2022, having been associated with the Company for over 3 years out of the 9 years that it has been operational. The Company's Client portfolio also includes services prominent airlines, a telecommunication company, an online travel agency (OTA) and other corporates in India who generally make available these services to customers of their choice. As of March 31, 2022, 9.79 million Paxes, cumulatively, had availed the Company's services, since Fiscal 2020.

### Objects of the issue - Offer for sale

Offer for sale: Name of the selling shareholder	Upto 17,242,368 Equity Shares	Weighted Average Cost of Acquisition (₹ per Equity Share)
<b>The Promoter Selling Shareholder:</b>		
Liberatha Peter Kallat	Upto 6,531,200 Equity Shares	0.02
Mukesh Yadav	Upto 6,531,200 Equity Shares	Negligible
Dinesh Nagpal	Upto 4,179,968 Equity Shares	0.04

Source: RHP

### Background

#### Company and Directors

The Company was incorporated as "Believe Tradelink Private Limited", at New Delhi' on April 24, 2008. Liberatha Peter Kallat, Dinesh Nagpal and Mukesh Yadav are the promoters of the company. Currently, Promoters collectively hold 52,249,600 Equity Shares, representing 100% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

#### Brief Biographies of Directors

**Liberatha Peter Kallat** is the Promoter, Chairperson and Managing Director of the company. She has been associated with the company since 2014 and is responsible for the strategy and overall management of the company. She has experience in the hospitality sector and has, in the past, been associated with Indian and global multinational companies such as Taj GVK Hotels & Resorts Ltd, PepsiCo India, Premium Port Lounge Management Co Pvt Ltd, and Pernod Ricard India (P) Ltd.

**Mukesh Yadav** is the Promoter and a Non-Executive Director of the company. He has been associated with the company since 2011. He has more than 20 years of experience. He has been associated with a residential project 'Amangani Peaceful Homes', located in Rewari, Gurugram.

**Dinesh Nagpal** is the Promoter and Non-Executive Director of the company. He has been associated with the company since 2011. He has been associated with a residential project 'Amangani Peaceful Homes', located in Rewari, Gurugram. He has more than 20 years of experience.

**Balaji Srinivasan** is an Executive Director and Chief Technology Officer of the company. He has been associated with the company since 2019. He has experience in the technology sector.

**Sharadchandra Damodar Abhayankar** is the Independent Director of the company. He is a Solicitor and Advocate with more than 33 years of experience.

**Mario Anthony Nazareth** is the Independent Director of the company. He has served the Mahindra & Mahindra Limited for over 4 decades in various positions.

**Aditi Balbir** is the Independent Director of the company. She has over 7 years of experience in the sustainability and travel sector.

**Sudhir Jain** is an Independent Director of the company. He was associated with Minda Industries Ltd for over 20 years.

#### Key Managerial Personnel

**Giya Diwaan** is the Chief Financial Officer of the company. She has significant experience in business operations, corporate finance, accounting and strategy across fintech, internet commerce and consumer technology companies. She joined the company on September 24, 2021.

**Rangoli Aggarwal** is the Company Secretary and the Compliance Officer of the company. She joined the company on October 19, 2021.



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