

## IPO NOTE

### Issue Details

**Price Band:** ₹ 308 to ₹ 326  
**Issue Opens on:** August 24, 2022  
**Issue Closes on:** August 26, 2022  
**Lot Size:** 46 Shares & in Multiples thereafter

### Issue Highlights

**Issue Size :** ₹ 562.10 Cr.  
**No of Shares :** 17,242,368  
**Face Value :** ₹ 2

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	562.10
<b>Total</b>	<b>562.10</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	421.58
HNI	15	84.32
Retail	10	56.21
<b>Total</b>	<b>100</b>	<b>562.10</b>

\* 60% Shares of the QIB Portion to Anchor Investors

### Listing

BSE & NSE

### Lead Managers

- Equirus Capital Private Limited  
 - Motilal Oswal Investment Advisors Limited

### Registrar

Link Intime India Private Limited

### ANALYST

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## COMPANY OVERVIEW

Dreamfolks is dominant player and India's largest airport service aggregator platform facilitating an enhanced airport experience to passengers leveraging a technology driven platform. It began effective operations in 2013 by facilitating lounge access services for the Consumers of Mastercard and, currently, provide services to all the Card Networks operating in India including Visa, Mastercard, Diners/Discover and RuPay, and many of India's prominent Card Issuers. Its asset-light business model integrates global card networks operating in India, credit card and debit card issuers (Card Issuers) and other corporate clients, in India, including airline companies with various airport lounge operators and other airport related service providers (collectively, the Operators) on a unified technology platform.

It 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). Its dominance is underpinned by facilitating access to 100% of the 54 lounges currently operational in India, and it also enjoyed a market share of over 95% of all India issued credit card and debit card (Card Based) access to airport lounges in FY22.

As FY22, through partnerships with other service providers, it has 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.

## HIGHLIGHTS

1. Dominant player in the airport lounge aggregation industry in India with strong tailwinds
2. Entrenched relationships with marquee Clients
3. Vast data intelligence capabilities
4. Strong business moat
5. Integrated portfolio of logistics services

## Objects of the issue

To carry out the Offer for Sale of up to 17,242,368 Equity Shares by the Selling Shareholders. Company shall not receive any proceeds form offer for sale.

## OUR VIEW

Dreamfolks is a dominant player in the airport lounge aggregation industry in India. It has a strong business moat due to the flywheel effect led by clients and operator network. It is a technology driven platform and an asset light business. The revenues of the company is primarily based on the number of unique times customers avail the services.

Company's financials was affected in last financial year due to pandemic effect as travel industry was worse affected; however with gradual ease in travel restrictions the company's recovered in FY22. In FY22, company's Net Profit Margin, EBITDA margin, ROCE & ROE stood at 5.75%, 8.46%, 24% and 19.78% respectively. At upper price band, the issue is priced at a P/BV of 20.72 based on its NAV of Rs. 15.73 in FY22.

Whole revenue model is dependent on 2 pillar viz. (1) Credits/Debit Card & (2) Passengers travelling. Recently RBI announced growth in alternative payment options might also affect usage of credit cards and debit cards. Number of Card Based transactions increased from 57,787 lakh transactions in FY21 to 61,786 lakh transactions in FY22. With this, Passengers carried by domestic airlines during January-July 2022 were 669.54 lakhs as against 393.44 lakhs during the corresponding period of previous year thereby registering annual growth of 70.18 % and monthly growth of 93.82 %.

Despite decrease in Profit, EBITDA and other financial ratios between FY20 to FY22, there is increase in average revenue per passenger in FY22 to 800 from 752 in FY20. At upper price of Rs.326, the issue is aggressively priced at P/E of around 100. **Beside fundamentals are overpriced, company has advantage of first mover and also rising trend of air travel experience, investors can invest for medium to long term horizon.**

### Brief Financials

PARTICULARS	₹ in Million		
	FY '22	FY '21	FY '20
Total Income	2,839.89	1,081.09	3,678.08
Total Expenditure	2,635.13	1,083.10	3,242.51
Profit before Tax	204.76	(2.01)	435.57
Profit after Tax	162.52	(14.50)	316.83
E.P.S. [diluted (Rs.)]	2.98	(0.28)	6.06
P/E (x) (Diluted)	103		
RONW (%)	19.78	(2.25)	48.36

### PRICE CHART (@ ₹ 326)

LOT SIZE	Amount
46	14,996
92	29,992
138	44,988
184	59,984
230	74,980
276	89,976
322	104,972
368	119,968
414	134,964
460	149,960
506	164,956
552	179,952
598	194,948

Please go through the RHP for salient features.

([https://www.sebi.gov.in/filings/public-issues/aug-2022/dreamfolks-services-limited\\_62040.html](https://www.sebi.gov.in/filings/public-issues/aug-2022/dreamfolks-services-limited_62040.html))

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	01/09/2022
Initiation of refunds/unblocking ASBA Fund	02/09/2022
Credit of Equity Shares to demat accounts of Allottees	05/09/2022
Commencement of trading of the Equity Shares on the Stock Exchanges	06/09/2022

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