

DREAMFOLKS IPO TIMELINE

Events	Date
DreamFolks IPO Opening Date	Aug 24, 2022
DreamFolks IPO Closing Date	Aug 26, 2022
Allotment Date	01 Sept, 2022
Initiation of Refunds	02 Sept, 2022
Credit of Shares to Demat	05 Sept, 2022
DreamFolks IPO Listing Date	06 Sept, 2022

DREAMFOLKS IPO LOT SIZE

Application	Lots	Shares	Amount
Minimum	1	46	14,996
Maximum	13	598	194,948

DREAMFOLKS KEY DETAILS

Opening Date	Aug 24, 2022
Closing Date	Aug 26, 2022
Price Band	Rs. 308 to Rs 326
Issue Size	Rs. 562.10 crores
Face Value	Rs. 2
Market Lot	46 shares
Reservation	QIB 75%, Retail 10%, NII 15%

FINANCIAL PERFORMANCE

Y/E March	FY20	FY21	FY22
Sales (Rs. Cr)	367	105.6	285.5
Expenses	321.9	105.2	263
EBITDA (Rs. Cr)	45.1	(0.4)	22.5
EBITDA margin	12.3%	0	7.9%
PAT (Rs. Cr)	31.7	(1.5)	16.3
PAT margin	8.6%	0	5.7%
EPS (Pre-issue)	6.1	0	3
P/E (after-issue)	54	NA	105
RoE (%)	48.4	(2.3)	20
RoCE (%)	66.4	(3.0)	25

SHAREHOLDING PATTERN

Shareholders	Pre issue	Post-issue
Promoter	100%	67%
Public	0	33%
Total	100	100

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Our Recommendation: Dreamfolks Services Ltd has advantage of its first mover in this business. However, the company faced headwinds due to the pandemic led industry issues and the same is being reflected in its growth numbers, leading a higher valuations. Though the company's asset light business model and being it the market leader (with 95% market share with no listed rival and bright future prospects of this Industry), will benefit the company in long run and this justifies the present valuation. We recommend to subscribe to this IPO for a medium to long term perspective.

About Company: DreamFolks is an airport service aggregator platform. The company provides customers of clients' to access airport related services like lounge access, food and beverages access, spa, meets & assists, transit hotels/nap room access, and also airport transfer and baggage transfer. DreamFolks acts as a service provider between the lounge operators on one end and banks, card networks, airlines and corporates on the other end. The company's business model is unique, asset-light and capital efficient. The company provides services to all card networks operating in India. Dreamfolks is the market-leader (with 95% market share) in this business segment. The company has 50 clients as of March 2022.

IPO Objectives:

- To carry out the Offer for Sale of up to 1.72 crores equity shares by the selling shareholders.
- To enhance visibility and expand brand image globally and provide liquidity to the shareholders.

Market leader in its business segment with no listed rival:

The Company is the largest airport lounge access provider in India. In FY20, out of total Indian domestic lounge access, 80% was from India-issued credit cards and debit cards. With more than 95% of market share, Dreamfolks has coverage across 54 operational airport lounges as of March 2022. The company provided access to 12 domestic lounges scattering 11 airports across India that translates more than 22% of the total access of the domestic lounges for India-issued credit/debit cards. Apart from that, the company rendered its services to 68% of all lounge traffic across all lounges in Indian airports in FY20.

Entrenched relationship with clients: DreamFolks has tie-ups with all card networks in India that includes Visa, Master Card, Diners/Discover and RuPay. Apart from that the company has strong client base like ICICI Bank, Axis Bank, HDFC Bank, Kotak, and SBI. The company also has business tie-ups with big corporations such as Interglobe Aviation, Go Airlines, Air Asia, Vodafone, Jet Airways, Mahindra Holidays & Resorts, and Easy Trip.

Industry Outlook: Although the air-travel propensity in India is very less compared to developed and other BRIC nations, but India is expected to be the third largest air travel market by 2030. Being the dominant player with 95% market share, DreamFolks has bright prospects to grow exponentially. Apart from that though the credit card penetration is very low here in India, but growth in digital economy and cards, credit card penetration will increase exponentially due to large customer base, rising income and changing behavior of the customer.

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Disclosure:

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