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CIN: L51909DL2008PLC177181

May 28, 2025

To, The Secretary, Listing Department BSE Limited P. J. Towers, Dalal Street Mumbai – 400001 **Scrip Code:** 543591	To, The Listing Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai- 400051 **Symbol:** DREAMFOLKS

Subject: Transcript of Earnings Conference Call conducted on May 23, 2025

Dear Sir(s)/ Madam(s),

This intimation is being provided in continuation of earlier communication regarding the Earnings Conference Call for the quarter and financial year ended March 31, 2025, in compliance with Regulation 30 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR Regulations").

The Board of Directors of the Company at its meeting held on May 23, 2025 inter alia approved the Financial Results of the Company for the quarter and financial year ended March 31, 2025. The Company hosted Earnings Conference Call on May 23, 2025. In this connection and in compliance with Regulation 30 read with Para A of Part A of Schedule III of the SEBI LODR Regulations, we enclose herewith the transcript of the 'Dreamfolks Services Limited Q4 & FY '25 Earnings Conference Call'.

The above information will also be available on the website of the Company at www.dreamfolks.com.

You are hereby requested to take the above intimation on record.

Thanking You!

Yours Faithfully

For Dreamfolks Services Limited

HARSHIT GUPTA
Digitally signed by HARSHIT GUPTA
Date: 2025.05.28 17:59:26 +05'30'

Dreamfolks Services Limited

Harshit Gupta
Company Secretary and Compliance Officer

Encl: as above

"Dreamfolks Services Limited

Q4 & FY '25 Earnings Conference Call"

23rd May 2025

Disclaimer: E&OE. This transcript has been edited for factual errors. In case of discrepancy, the audio recording uploaded on stock exchange on 23rd May 2025, will prevail.

MANAGEMENT:	**MS. LIBERATHA KALLAT – CHAIRPERSON AND MANAGING DIRECTOR** **MR. BALAJI SRINIVASAN – EXECUTIVE DIRECTOR AND CHIEF TECHNOLOGY OFFICER** **MR. SANDEEP SONAWANE – CHIEF BUSINESS OFFICER** **MR. SHEKHAR SOOD – CHIEF FINANCIAL OFFICER**

Moderator: Ladies and gentlemen, good day, and welcome to the Dreamfolks Services Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

I now hand the conference over to Mr. Diwakar Pingle from Ernst & Young LLP. Thank you, and over to you, Mr. Diwakar.

Diwakar Pingle: Thank you. Good evening, everyone. Welcome you all to the Dreamfolks Services Limited Q4 and Full Year FY '25 Earnings Call. Today from the management, we have with us Ms. Liberatha Kallat, the Chairperson and Managing Director; Balaji Srinivasan, Executive Director and Chief Technology Officer; Mr. Sandeep Sonawane, Chief Business Officer; and Mr. Shekhar Sood, Chief Financial Officer.

Please note that the company has uploaded the financial results, the investor presentation, the press release in both the stock exchanges and on the company's website. Please do note that anything said on this call, which reflects our outlook towards the future or which can be construed as a forward-looking statement must be viewed in conjunction with the risks the company faces.

This conference call is being recorded, and the transcript along with audio of the same will be made available on the website of the company and exchanges. With that said, I'd like to hand over the call to Liberatha for her opening remarks. Liberatha, over to you.

Liberatha Kallat: Good evening, everyone, and thank you for joining us today for the Dreamfolks Services Limited Q4 and FY '25 Earnings Call. We truly appreciate your time and continued interest in our company. Earlier today, we announced our financial results for the quarter and the year ended 31st March 2025. The detailed financials, investor presentation and press release have been made available on the Stock Exchange as well as on our website. We hope you have had the opportunity to review them.

Before I begin, I would like to take the pleasure to introduce you to our new CFO, Shekhar Sood. Shekhar brings in two decades of global financial leadership experience across listed entities, multinationals and high-growth companies. He has a stellar track record in strategic planning, IPO, M&A, ESG, Investor Relations and building financial resilience. You will get an opportunity to interact more with him over the coming period.

FY '25 for the year of consolidation of Dreamfolks as we saw some structural changes in the industry we operate in, both from a revenue and cost perspective. The changes did have a short-term implication on the growth and margins. But I'm quite proud that the team at Dreamfolks handled these challenges in an admirable fashion and we finished the year with a revenue of INR 1,292 crores, which is a growth of 14% from the previous fiscal year.

Notably, this growth outpaced that of our two main revenue drivers, domestic air passenger traffic and number of credit cards issued both of which experienced growth rates between 7.5% and 8% in FY '25.

For some of you who are checking in to our story, it is important to mention that during this fiscal, a large number of banks migrated to a spend-based model on their credit card to avail the lounge services as opposed to a blanket usage. This had a short-term impact, but our volumes since have been quite steady. This has been possible due to our diversification strategy of adding services other than lounges and our focused approach to adding clients other than banking clients and also welcoming clients who were with competition earlier.

During the year, more than 10 of our banking clients implemented the spend-based model using our technology platform. Our superior technology platform is the reason for Dreamfolks' pre-eminent position in the industry.

Our long-term vision is to be considered as a dominant player, not only in the traditional travel services, but also to establish ourselves as the leading lifestyle services aggregator in the country. And I will talk about it a little later in my remarks.

The ongoing adjustment by the bank to raise the minimum spend threshold on cards and modify the program to focus on spend-based usage has resulted in gross margins to reach 11.6% in FY '25. We ensured we remained within our previous communicated guidance of 11% to 13%. We believe that with the addition of newer services with better margin profile, this could see an uptick over the medium term.

Barring any new macro issues, we do have a fair sense of visibility for the lounge services as well as our plans for the new services which form an important part in our new strategy for the next 5 years. The sudden headwinds experienced during the past year made us pause and reflect on the strategy for the company, and I'm pleased to say that we have a clear vision for next 5 years.

The plan envisages consolidating the existing lounge services while exponentially adding other new services, which currently form 7% of our revenue. Our aspiration is to scale this contribution up to a third of the revenues in the next 5 years through a slew of new and differentiated offerings.

With this strategy in mind, our aspiration is to grow the revenue to more than double in the next 5 years with profitability margin also seeing a substantial increase. How do we intend to do this? Key element of the strategy is by continuing our focus and prioritizing diversification across high potential services in the India airport lounge and adding enterprise clients.

Enterprise clients would be a key addition to our growth strategy along with two other growth drivers, access to members only club and exploiting pay-and-use model across loyalty platforms and other credit and debit cards. You would know that we have already taken the first step in-line with this strategy by adding major services such as golf games and lessons and railway lounges as well as meet and greet services.

Throughout the year, we have added marquee enterprise clients belonging to different industries like MakeMyTrip, Amazon and others. During the year, as part of our strategic planning, we have also expanded our skilled employee base who has helped us in onboarding 30-plus new clients and six new services. Our objective is not only to drive growth but also to enhance resilience by expanding our operational footprint and aligning more closely with the evolving expectation of the customer.

All this is well supported by strong industry tailwinds. India's travel industry is likely to grow at 12% to 15% annually for the next 5 years, with domestic travel increasing at 12% to 13%, and international travel at an accelerated rate of 18% to 20% due to the rising short-haul destinations. Also, Visa applications in India rose by 11% in 2024 according to VFS Global.

Once seen as a luxury, travel is now recognized as a key part of personal well-being and a way to enjoy unique experiences. At the same time, the travel industry is expanding due to increased domestic traffic, better domestic connectivity and rising premium travel, drives the greater demand for airport services. Credit card spending has also hit record high with India witnessing robust growth in credit card spending during FY '25, with total spend growing by 15% to reach an all-time high of INR 21.16 lakh crores, according to RBI.

The growth of credit card and travel industry is set to benefit Dreamfolks. With rising card usage, especially among premium travellers, banks are adding more airport perks boosting demand for Dreamfolks services.

In conclusion, I would like to emphasize our commitment to diversifying our business model in order to establish our services as a leading aggregator of travel and lifestyle services.

We are now at a point where I see good stability coming through and there are several factors which gives me the confidence in our ability to achieve promising and sustainable growth in the medium term. By leveraging our robust technological structure and esteemed client base, we will strive to fortify our leading position in airport and lifestyle services.

With this, I would like to invite Sandeep to give us an update.

Sandeep Sonawane: Thank you, Liberatha. As we look forward with intent and clarity, I'm pleased to share how Dreamfolks is progressing on its journey of transformation, expanding our global footprint, strengthening our client ecosystem and driving diversification with agility and purpose. Our diversification strategy continues to take shape. A notable initiative this year was the introduction of coffee at malls as a service at almost 83 outlets, like Costa Coffee, Tim Hortons, Barista and others.

Given its low ticket nature, this initiative enables partner bank to extend meaningful lifestyle benefits to customers who may not meet the spend ratio required for lounge access. This not only creates a cost-effective alternative for banks while retaining customer satisfaction, but also increase their spends.

Further, as these coffee outlets are widely spread across Tier 2 and Tier 3 cities, this move significantly increases Dreamfolks' presence in these geographies, which positions us very well for a sustainable growth with new client segment contributing to an expanding and diverse portfolio.

Client acquisition remains a key focus area for us. This quarter, we successfully onboarded three marquee enterprise clients reinforcing our strategic partnership approach. Notably, these enterprise clients are offering a wide variety of premium services to their customers. Through these partnerships, we are enhancing our B2B and, of course, B2B2C presence, expanding our end user engagement.

On the banking front, we have solidified our alliances with new programs with leading players like IDFC, Yes Bank, RBL Bank, Bandhan Bank to name a few, underscoring the market's confidence in the value we bring to the ecosystem.

We also continue to enhance value for our premium customers by providing access to 3,000 plus members-only social club across 150 destinations worldwide.

This addition further strengthens Dreamfolks' presence in lifestyle services, unlocking new growth opportunities and expanding our footprint across diverse customer segments. We have also done collaboration with F&B outlets at the airport terminals and highways, which has helped us scale our offering. We now provide access to 40 domestic golf clubs in India and around 600 globally through our active partnership with top card issuers and aggregators.

Our core business, domestic lounges remains very robust. Our total domestic coverage remains 100%, for the airports with 75 lounges and railway with 14 lounges. These developments not only extend our physical presence, but also enhance the consistency and the quality of traveller experience across platform.

On the international front, we offer access to wide network of almost 800-plus airport lounges, ensuring travellers can enjoy comfort and convenience wherever they go. During this quarter, we have strengthened our partnership with Plaza Premium resulting in addition of over 100 new lounges and food and beverage outlets in various countries.

This expansion not only enhances our global network, but also enriches the travel experience for our users, providing them with more options to relax before their flight. All these efforts and initiatives that we have taken over the course of last year have started bearing fruits.

Our services other than the India airport lounge now contributes close to 7% as far as FY '25 revenue is concerned. In summary, Dreamfolks is not just growing, it's also evolving. Through our focused scalable and integrated delivery model, we are laying the groundwork for long-term leadership in the travel and lifestyle space. Over to you, Balaji.

Balaji Srinivasan: Thank you, Sandeep. I'm pleased to share how our continued investment in cutting-edge technology and strategic innovation is not only enhancing our operational backbone, but is also significantly elevating the client experience across our platform with continuous new updates.

Our focus has been on harnessing the power of cloud infrastructure and digital ecosystems to create a more transparent, agile and secure environment for the clients. By leveraging advanced cloud solutions, we've built a robust framework that enables real-time collaboration, seamless scalability and faster feedback integration, which are key attributes for navigating today's dynamic market conditions.

In addition to the solutions that we have for the banking industry, we are also seeing good adoption of our enterprise and travel solutions over the last few quarters with multiple clients going live. Our proprietary tech platform has become a strategic tool to increase our clients' ancillary revenue, act as a differentiator with the consumers and delivering tailored service packages that align precisely with the consumers' evolving needs. This is more than just a tech enabler rather it's a user-centric experience that is intuitive, insightful and frictionless.

We're also expanding our service portfolio with exciting new integrations for Social Club, Highway Dining, Coffee at Malls, Excess Baggage and Baggage Wrap. We continue forging strategic partnerships and integrating bespoke offerings that elevate the end user journey. Whether through banking benefits or exclusive digital services, we are enhancing the value proportion for travellers and business clients alike.

Our new pay & use solutions allow existing and new clients to leverage their traditional customer base to get additional benefits at exciting discounts beyond their complementary offerings. We've also made significant headway in infrastructure flexibility by embracing asset-light strategies and real-time visibility, we are unlocking value across a spectrum of consumer benefits, be it via traditional channels, digital apps, kiosks or online platforms.

This omnichannel approach ensures a consistent and smooth experience across all touch points. As we optimize expenditure and sharper our focus on utilization, we are also enabling smarter and data driven decisions for our clients. Our deep integration within client ecosystems allows us to tailor solutions that drive both efficiency as well as measurable returns, creating a compelling value narrative for end users.

In summary, we remain committed to being the technology partner of choice, redefining industry benchmarks through innovation, operational excellence and a relentless focus on client success. Our journey forward is guided by a clear vision: Architect the future that's optimized, resilient and firmly client-focused.

Now, I will hand over to Shekhar for an update on the financials for the year ending 31st March '25. Over to you, Shekhar.

Shekhar Sood: Thank you, Balaji, and a very good evening to everyone.

I will begin with FY '25 financial highlights. The revenue for FY '25 was at INR 1,292 crores showing a 14% increase from INR 1,135 crores in the previous fiscal year, resulting from two of our revenue growth drivers, domestic air travel and credit card volumes, which recorded a growth of 7.5% to 8%.

Gross profit increased to INR 150 crores, up from INR 137 crores in FY '24, while achieving gross margin of 11.6% in FY '25, in-line with our given guidance of 11% to 13%. Adjusted EBITDA for FY '25 was INR 102 crores and adjusted EBITDA margin was 7.9%, in-line with the guidance of 7% to 9%.

Company's net profit was INR 65 crores, and PAT margin was at 5.0%. The earnings per share for the full fiscal year 2025 stood at INR 12.2 compared to INR 12.6 in FY '24. As of March

31st, 2025, our net worth is INR 301 crores, up from INR 236 crores in FY '24 showing our sound financial health. And cash and cash equivalents, including investments in securities for FY '25 was at INR 148 crores up from INR 101 crores in FY '24.

Now moving to the highlights for the quarter. The quarterly revenue reached INR 314 crores, marking a 12% rise from INR 281 crores in Q4 FY '24. Gross profit was INR 35 crores at a margin of 11.2%, while adjusted EBITDA stood at INR 25 crores at a margin of 8.0%. Net profit for the company stood at INR 15 crores.

Earnings per share for Q4 FY '25 was INR 2.8 versus INR 3.3 in Q4 FY '24. Our strategic decision in the form of spend-based implementation for our clients, manpower expansion are foundational steps. While they may lead to a more major growth in the short term, they position us for significant and sustained acceleration in the years ahead.

With that, I request the moderator to open the floor for questions. Thank you.

Moderator: Our first question comes from the line of Harshit Khadka from RoboCapital.

Harshit Khadka: Sir, what would be your top line growth and margins look like for the next year?

Sandeep Sonawane : See, I think we cannot give you in terms of the actual number for the next year. But I think Liberatha did mention about the guidance that we have given for the next 5 years. I think she did mention about growing the top line by 2.5x in the next 5 years. So I think I would restrict to that number.

Harshit Khadka: Sir, I wanted to know how your relationships with the banking partners and how effectively are you able to penetrate into the customers if you can attach a number to it?

Sandeep Sonawane: Okay. Relationship with banks, they remain very, very strong. And the proof of the pudding is, I think Bala did mention that almost top 10 banks are now deeply integrated with us, and that's the kind of trust that they have shown. So I think the relationship is only growing stronger as and when we are actually moving and probably solving quite a lot of problems of the banks through technology and mix of services. So I think as far as that is concerned, I think that is there. What was the second part of the question, sorry?

Harshit Khadka: How deeply can you penetrate into the customer base?

Balaji Srinivasan: See, I think wherever we work, the banks run basically the entire program with us. So it's not that when we work or when we show a client, we are working for, let's say, one variant of a credit card or something like that, we typically would work with the entire portfolio.

So let's say, if we work with the debit team, the entire debit portfolio would work with us or the entire credit portfolio will work with us are both typically, in most banks. So it is not a particular percentage. If we typically would show the name of a client, it will be basically 100% of the portfolio of that particular credit or debit or whatever product we're talking about.

Moderator: Your next question comes from the line of Shreyans Mehta from Equirus.

Shreyans Mehta: So my first question is, I mean, as you mentioned that probably we are looking at doubling the revenues over the next 5 years, it implies a CAGR growth of 15-odd-percent year-over-year. But if I just see '24 or '25, the domestic air traffic has grown by, say, closer to 8%. Our top line is up by say closer to 11%, 12%, but profit is on a flattish note. How do I take it forward in terms of the profitability over the next 5 years?

Sandeep Sonawane: So Shreyans, see, there are two, three elements which we have been consistently telling. While I understand the traffic growth is almost in the range of 8%, whereas our revenues are not 12%, but growing at 14%. At the same time, we did mention that we were at the inflection point, we wanted to invest a little bit in terms of manpower for capturing the future growth, whether it is global expansion, whether it is going and moving to different types, targeting different type of clients for which we wanted number of people because the GTM doesn't remain the same.

The moment when you target the enterprise business, it requires more number of people. And we were aware, and that is exactly the reason why we were all the while, I mean, starting from quarter one of this year, have been giving a guideline of EBITDA margin between 7% to 9%, and we are well within that.

So you are right. In terms of short-term, I think because of also the spend-based program, which the banks implemented in the last 1, 1.5 years or maybe 2 years, I think what has given that, Shreyans, to us is that we have a fair visibility now looking at the patterns as to how the banks are going to move in terms of implementing spend-based program. So yes, to an extent, it was expected that PAT would be in the region, which you are mentioning, which we always gave the guidance.

But I think now, as I said, we are in a far better position to predict in terms of how the banks are going to respond to the cost pressure. So, I would say that we have crossed that period that we have become far more intelligent, and we have certain pattern now, which we are using in terms of giving you the next 5 years guideline.

Shreyans Mehta: So would it be fair to assume, worse in terms of gross profit or the margins would be likely largely over, and this is the least we can expect, and from here on, there could be surprises, but this could be the worst.

Sandeep Sonawane: Yes, I should say that confidently, the worst is over. Also because of the reason which I told you, it doesn't mean that banks will not probably further go and increase the threshold of the consumer from the spend based point of view. But as I mentioned, we still at least have developed a pattern now as to how the banks are going to move. So we have better information than what we had. Yes, so you can expect better margins.

Shreyans Mehta: Secondly, in terms of cash flows, if you see last year, we were on the same number and this year also, but the operating cash flow has improved. So, any specific reason why operating cash flows have improved?

Sandeep Sonawane: Yes, if you were to look at our Q1, Q2 we were a little off colour. But I think the entire sales team in the last Q3 and Q4 have really done a good job in terms of one, of course, the receivables. And as I said, Shreyans, that we know a little bit of pattern now better, and we have understood the pattern better. I think overall, it is helping us in terms of improving all the line items of the P&L. So yes, I think that's one big reason.

Shreyans Mehta: And lastly, if I can, one of our closest competitors, the contract has been asked to close down. What impact will it have on our part of business, be it domestic or domestic into international?

Liberatha Kallat: So Shreyans, that actually is an advantage for Dreamfolks, right, so if the competition has been asked to close down. So, I would say that, yes, that's an opportunity. And also, if you have gone through the presentation that we have uploaded, there are most of these banks which are with the competition and which have actually now migrated to Dreamfolks, but this was much before they got the closure letter.

Shreyans Mehta: So, just for a better understanding, will it have a positive impact? Because largely domestic, we have the large part of market shares. But in international, probably where we have tie-up with domestic banks, that's the part which we will see some improvement? How should one read into it?

Balaji Srinivasan: So this conversion that we're having is basically for the scope of the domestic transactions. So international is still independent of this.

Moderator: Your next question comes from the line of Niraj from Prosperity AM LLP.

Niraj: Madam, my question is related to 90% of the income comes from the airport lounges. See, last year, there was no volume growth. It is INR 10.9 million versus the INR 11 million in FY '24. In spite of increasing the air passengers, and it may be due to the change in the excess benefit to cardholders.

So in that connection, I would like to know what step company is taking to improve, to increase the volume because the air passenger is increasing, credit card or cardholders are increasing, but the volume is not increasing. So what specific step company is taking to increase the volume?

Sandeep Sonawane: Yes, absolutely, you're right. Volume almost remained same versus last year, that I agree. The reason you are aware that there is a lot of spend based program that is happening. However, there are two, three things that have been done at our end. One is the acquisition or getting the competition client, which Bala just mentioned, we just got and I did mention about the names of the banks who were with competition, we got them here. However, the volumes were comparatively smaller, point number one.

In terms of steps, what we are taking is we are adding a lot of other services. And that is where I think our confidence for the next 5 years that is indicated in our whatever, 5 years strategy plan shows that we will be aggregating and we continue to aggregate quite a lot of services, which are not related only to the air traffic growth.

And that gives us the confidence that, that growth, which is, again, untapped for us as a company should actually help us in terms of insulate us from the spend-based program. I mean, decline or maybe the flat growth in pax, which is on account of spend-based program. Yes. So increase in service on one side, which is not dependent on airport. And the second is, of course, whatever clients that competition has, I mean, our efforts will always be there to get them in our pool, so yes.

I mean, the moment when we go beyond the 4 walls of airport, enterprise as a client also becomes very big, and we are betting big. However, it takes a lot of time for us to really build that kind of scale with enterprise. So in a coming midterm, you will see the difference. And that is why we are confident that while the lounge as a service remains only 93%, but strategically, this will reduce significantly. So our dependence on airport lounge will significantly reduce over the period of next 3 to 5 years.

Niraj: Sir, but it is mentioned in the presentation that the other service will provide, currently, it is providing the contribution of 7% to revenue and it will increase up to 15% in the coming 3 to 5 years' time. But then also the 85% is the major portion of the revenue, which comes from the airport lounges.

And in future, further, the bank will increase the further spend base or threshold limit to excess, so we should take active action to increase or to maintain our current volumes. See, last year, we succeed to maintain INR 10.9 million is equivalent to INR 11 million. I don't understand still, what step company is taking? You mentioned that you have acquired the one competitor, but what other step? Are we attracting the cardholder to access the lounge by anyway?

Liberatha Kallat: So there are a couple of things more as a company we are doing, okay? Now the spend base impact, yes, that is there. But if you actually see there is another model, one, as a company, we have also started because the thing that the awareness of lounges had increased anyway. Now there are people who have actually got used to using the lounges.

So what we have built there is something called pay-and-use, right? So this is one of the other models that wherein even if the banks are reducing the benefit, there is another way that customers can still use it. So pay-and-use is something which is actually going to be one of the revenue stream for us. Secondly, in terms of the client base as well. The thing is that it's not going to be just a banking client, what we are focusing.

It's not just going to be the credit card. As we said that we are also going to target and we have already targeted enterprises. In FY '25, we have already signed up 30 marquee enterprise clients, which includes the OTAs, which includes the travel agents and also the loyalty companies and the other enterprises as well. So the thing is that we also understand that, yes, the spread needs to change, and that is the step what we have taken.

Secondly, yes, in terms of, as Sandeep was mentioning that it is not just the client base, but yes, in terms of the other services as well. Now for example, it is not just going to be outside the airport, but within the airport itself, there are other things that we are building up, it's like the F&B, it's going to be Spa which is already there, there's Meet and Assist. There is something more which we do not want to announce right now. But again, it's going to be related to the travel. So that is there.

Secondly, if you actually see that in terms of lifestyle services as well, we have come up with Social Club. Now we find that Social Club is also going to be something very premium offering to the cardholders. So yes, these are the steps that as a company we are trying to do in terms of target the customers for using, not just the lounges but also the other services as well.

Niraj: Thank you. Okay, madam, thanks for the detailed answer. Madam, my last question is, the company has increased the staff's strength and increase and added the new talent. And so the employee cost has increased last year. But when this cost will help the company to increase the profitability because currently, the GP has not increased because the volume has not gone up.

Now the employee cost has increased by INR 10 crores. When will the company make more profit than INR 10 crores what we are spending on the employee? When they will start contributing to company's bottom line.

Liberatha Kallat: So if you actually see, initially, the company was just focusing on two sides, I mean, I would say that on one side, it was just the banking client, and the other side was more of the travel, which is the airport lounges, right? Now if you actually look at it that the focus is getting into enterprises and also into other services.

Initially, yes, the employee cost was low because the industry was very limited. And yes, with few employees, we were able to manage the whole business. But right now, when we say enterprises, there is no limitation here in the industry. As a company, if we have to target every industry player in the market where we know that, yes, there is an opportunity, I will want to have feet on field to actually target these clients. So that is one of the reasons that the employee cost has increased.

Now it is not that at the moment you actually hire the employees, immediately, we start seeing the results. It usually takes time. I think it's to close one single client, whether it is a bank or for that matter and the real time to actually get a client on board takes almost 1 year to somewhere around 3 to 4 years as well. specially, the volume clients, right? But I would say that there are smaller clients where, for example, there are travel agents.

Now there are 2,50,000 travel agents across India. Now to target these 2,50,000 travel agents, I will require a team, right? So this I'm talking in terms of the sales side. But when it comes to the service side also, there are 20 different services what we have onboarded. Now for this 20 different services, there are different brands where we need to target them.

And for that, again, there has to be a team in place to also take care of the onboarding side. So the thing is that, yes, right now, the investment is there, which we have actually invested on the employees. And I will say that in the next 4 to 5 years, you will actually start seeing the results from all these services or, I would say, the investment in terms of whether it is other clients or other services will start coming in.

Moderator: Our next question comes from the line of Mehul Panjwani from 40Cents.

Mehul Panjwani: I have two questions. One is, I am very new to the company. So I just want to know what is the business model of Dreamfolks. How do we make money? That is question number one. And I am hearing about enterprise clients. I know that the company is the lounge operator, but I don't know about the enterprise business. So if you can please throw some light on these two.

Sandeep Sonawane: Okay. So I hope that others have patience to understand this. So how we make money is we are an aggregator. We do a lot of aggregation of all the services. So for example, all the lounges, whether it is in India or global, we aggregate these lounges. We agree on a rate with every single lounge operator. We have the agreement with them. Suppose I agree with an agreement that every single card customer goes into the lounge, I will pay the lounge operator, say, maybe INR 100.

And what we do is when the cardholder who has this benefit goes and avail the facility and goes into the lounge, then I take INR 115 from the client. This is how I make the margin of, say, 15% on INR 100, which I gave an example. And this is how the card companies or the issuers, the issuers want to sell more and more number of credit cards and by virtue of doing that, they give these kind of benefits on the card. And we enable through our technology, this benefit, which is embedded into the card. So this is our business model, largely.

If you have not understood, please feel free to get in touch with Diwakar or for that matter Vibhor from our IR team. And we will have this one answered. As far as the enterprise is concerned, let me give you an example of Coca-Cola is an enterprise, or Infosys is an enterprise or JK Cement is an enterprise. So in all these enterprises, there are a lot of stakeholders, right, from the salesman to or maybe employees for that matter or even for that matter, distributors, agents.

Imagine if this enterprise want to keep some kind of a reward or some kind of incentive for driving loyalty or whatever, they give these kind of services which are provided by Dreamfolks in the form of, say, a card or Dreamfolks membership card and then the consumer can really avail these benefits as and when the consumer feels. So that's the kind of model that we have for enterprise and enterprises like every single company.

Mehul Panjwani: Right. But for enterprises, you are giving these rewards, which are there, which is outside the airport, right, not in the airport?

Sandeep Sonawane: No, both inside the airport also and outside the airport because ultimately, you and me, are also employee of some company and our employer, if give this benefit, I'll be happy.

Mehul Panjwani: And last question on this is, I would say, can we simplify in enterprises like any other corporate, right or is there any difference?

Sandeep Sonawane: Yes.

Mehul Panjwani: Okay. So it's just a different name. Okay. And how many such corporates or enterprises have we enrolled as a customer?

Liberatha Kallat: I think we can't give so much of details to you right now. So, if we can have a separate call over this.

Moderator: The next question comes from the line of Shrey Gandhi from CR Kothari Stock Broking.

Shrey Gandhi: My question is regarding the pay-and-use model, which you just mentioned. Can you give a brief about that like how it actually works? How much was the contribution in FY '25 in terms of percentage of revenue of this model?

Balaji Srinivasan: Yes, I think it's a very good model. See, the idea is that there are customers who tend to get limited benefits, let's say, on any of the products from the bank. So opportunity is that because of spend base or any other reason because of, let's say, the card variant that the customer has got, they may not get all the benefits that the customer would ideally like.

So the idea really is that using that as an opportunity, giving the ability of the customer to purchase and actually use the benefit is really the pay-and-use model. So we have done and we are doing more and more integrations with our partners to enable this to happen. So broadly, that's the idea. I think in terms of forecast, specifically for pay-and-use, I don't think we are sharing any specific number at this time. It is part of the blended forecast, which contains other services.

Shrey Gandhi: I have asked around the revenue contribution in FY '25 with this model if you can share that number?

Balaji Srinivasan: No. At this time, we are not sharing the segmentation for that.

Shrey Gandhi: And how are we raising awareness with the customer regarding this model? Because if any customer is having a credit card, you might not be aware of this pay-and-use model in the lounges. So how are you raising awareness with that?

Balaji Srinivasan &

Sandeep Sonwane: So, we are working with a client actually. So this is not something that is our initiative solely. This is something that we are working with clients. So each client has their own plan on how best to target their consumer base. And every, you could say, client has taken a variation of an approach. So there is no standard go to plan that we go. Of course, we go with some maybe suggestions, but it is really our client to decide how best to approach their consumer base for this.

So one of the biggest bank is actually helping us drive this awareness through relationship managers who are in turn communicating to their customers. Then of course, like Bala said, we are using quite a lot of influencers and collaborating the influencers of the banks themselves to ensure that they are also talking about these services in there, whatever social media and posts, so these are one or two type of ways of increasing the awareness.

Moderator: The next question comes from the line of Navin from ithought PMS.

Navin: Yes. So just a quick question. So correct me if I'm wrong, but even before the introduction of pay-and-use model that you discussed recently, I think if you didn't have a credit card benefit, you could pay and use the lounges, right? So can you please clarify what exactly has changed to the pay-and-use model or if I'm understanding things wrong?

Balaji Srinivasan: I think the main idea over here is that you are restricted to only those services that bank was giving complementary, and you are correct, some users were aware that you could pay-and-use for vendor complementary services would finish. The new idea over here is that we are taking the entire portfolio of Dreamfolks. And we are allowing the customers to get, first of all, exposure that they have access to such services.

And they also are getting a beautiful discount that is not what they will be able to get. So the fact that they happen to be a bank's customer, and the bank is able to negotiate discounts in partnership with us and the consumer is getting on behalf is really the cool thing over here. Now the main thing over here is that these benefits are only given if you go through the bank approved or bank blessed portals, which is basically our tech.

And therefore, it is good for the bank because they get additional revenue. And it is good for the consumer because they get access to a host of these new services, which previously they did not have access to. So this works both for new services that we have launched, but also works for the older services like lounges or spas or meet and assist. So it's actually through the entire universe of services that is now is enabled.

Navin: So my next question is related to the margin. I'm really sorry if this is a little repetitive, but I remember like back in Q1 '24 right, so the issue with the margin started off with like the CAM costs being a little higher and then us not being able to pass over the cost. So I understand that you have given a guidance of this thing and you're taking measures to diversify revenue streams, client and all.

But I just want to understand, is there no scope of renegotiating our costs with our lounge operators on one hand and the clients like the bank, primarily the card issuers and card networks on the other to get a better margin? Just asking this question because even if we do assume a target of getting 15% of our top line from other non-lounge sources, 85% of the revenue stream is going to come from lounges. So I just want some clarity on this, if you could help.

Liberatha Kallat: So this is an ongoing thing, right? It is the ongoing business thing which happens regularly. And yes, we are working on that. But as and when the volume of any product increases, right? So there are chances and I would say that it's where the business is, that you would see a drop in the margin.

Secondly, it's not that it's going to be in the same way because as we mentioned that we also have new set of clients coming in. So obviously, the margins would be much better with these set of clients. And also, I would say that the negotiations with the lounge operators and vis-a-vis the negotiation even with the banks are also helping us further in getting the better margins, I would say.

Moderator: Your next question comes from the line of Kushal Mondal from Yashwi Securities Private Limited.

Kushal Mondal: So I've joined the call a little bit late, so pardon me if you have already answered this question. In this quarter, I see the finance cost is at INR 2.2 crores which was previously at a flatter level at INR 38 lakhs. So what was the reason behind that? Because I see the borrowings are reduced, but the lease liabilities have increased. So is there are reason for increasing the finance cost?

Shekhar Sood: Yes. So, as per the contract, there were few delayed payments that happened. So we have just provided for this cost, and there is no as such actual cost. And we are already in discussion with a few of the vendors to get this resolved.

Liberatha Kallat: So it is just a provision which is made right now because as Shekhar was mentioning that we have certain clause in the contract in terms of the payment, so in terms of the delay payments kind of a thing. And so it is just a provision which is made. However, we are in discussion, and it's almost closed in terms of setting this off.

Kushal Mondal: And my second question is related to the first one. So, what items are there? What are the things that relate in the lease liabilities? What are you taking in the leases?

Shekhar Sood: So for the lease liability, we moved our office to a new place. So as you know, as per the accounting treatment. So old lease was discontinued, and new lease was accounted for. And you know that when we shift to a new place, then obviously like you have to recognize the lease liability as well as the leased assets. So that come at a higher value. So that's why you see the difference.

Moderator: Next follow-up question comes from the line of Shreyans Mehta from Equirus.

Shreyans Mehta: So two questions from my side. Once our non-lounge business portfolio stabilizes, what sort of margins are we targeting. And secondly, our other income to seems to be on a higher side. So any particular reason for it?

Sandeep Sonawane: Yes, Shreyans. So in terms of non-lounge services, they will definitely have higher margins because obviously, these are new services, there is novelty attached to it. And we also want to skim it when we actually go to the client and sell this because this brings a lot of differentiation to the client.

So yes, it will be higher. I mean, to what extent, it depends on the service. From the current lounge margins, it can be between 2% higher to as high as 10%, 15% also, higher than the current lounge margin. One is that.

Shekhar Sood: So, for the other income, there were a few items. One was redemption of the mutual funds. So on that, we got profit and also there was exchange gain that was there. So these resulted in the increase in the other income.

Shreyans Mehta: Sorry, one is your redemption of mutual funds, second you mentioned is exchange gains?

Shekhar Sood: Yes, correct.

Moderator: Our next question comes from the line of Rohan Dedhia, an Investor.

Rohan Dedhia: I had a few questions on the business model. As I understand, because of our deep integration. We are the only company that enables access to the lounges on credit cards. And because of this, we have the highest volumes in the industry and hence, the best rates. So please correct me if my understanding is correct or wrong.

And if my understanding is correct, I just wanted to understand why do some of the credit card companies despite having integration with Dreamfolks still choose to work with our competitors like Priority Pass, etc, like what is the motivation for them?

Liberatha Kallat: So Dreamfolks is actually India's largest, I would say, in terms of providing the lounge benefit or the airport benefit. Banks still giving the priority pass or the competition card is primarily for access for the global lounges, which is lounges outside India market. right? So yes, as we always said that we also now have the aspiration, and we are spread across in 120 countries in terms of network spread.

So the reason of we being the market leader in India is because of the technology that we have because of the solution, the service what we rendered and that is the reason that why we are the market leader here. However, the global market, we have just started two years back.

And yes, most of the clients have shown the interest. However, right now, our focus is more into Southeast Asia market, and we are very close to working there. We have a subsidiary in Singapore. We also have a team there who is also working for that market. So soon, you will not see us that we are just limiting to India market. But yes, we'll be out in global market as well.

Rohan Dedhia: And then second question, some of the credit card companies, especially the newest credit card companies, they are not integrated yet with us. So what would be the reason that they're holding back on integration with us right now?

Liberatha Kallat: Which credit card?

Rohan Dedhia: No. I mean, some of the new age credit card companies, as I understand, may still not have integrated Dreamfolks for access to lounges. So please correct me if my understanding is correct. What was the motivation for them yet not to integrate us?

Balaji Srinivasan: I think some of the information may or may not be public. But typically, we have an entire stack of solutions for even FinTech's.

Sandeep Sonawane: And we do have, a lot of fintechs as well who are our clients. So the one possibility that could be that whether they can really afford to have this kind of costs on their P&L, I mean, it would be an acquisition cost, it could be anything else. But yes, I mean as and when their P&L permits, obviously, they would have lounges. And most likely, I mean, 85%, 90% likely that they would come and integrate with us. So yes, we do have quite a lot of fintech already working with us.

Moderator: So I would now like to hand the conference over to Ms. Liberatha for closing comments.

Liberatha Kallat: Thank you all for joining our earnings conference. We hope your queries have been answered. For any further queries or information, please contact our Investor Relations team at EY. On behalf of the company, I thank you all once again for your time and participation. Do take care of yourselves and goodbye. Thank you.

Moderator: Thank you. On behalf of Dreamfolks Services Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.