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09th April 2026

To

Dreamfolks Services Limited

26, DDA Flats, Panchsheel Park,
Shivalik Road, Panchsheel Enclave,
New Delhi, Delhi 110017, India.

Kind Attention: Mr. Shekhar Sood, Chief Financial Officer - Dreamfolks Services Limited

Dear Shekhar,

We take this opportunity to thank the management of Dreamfolks Services Limited (“**DSL**”) for engaging Lakshmikumaran and Sridharan Attorneys, in preparation of the Transfer Pricing Planning Report for the provision of airport lounge services provided by DSL to ETT Solutions DMCC (“**ETT Dubai**”).

The Transfer Pricing Planning Report has been prepared on the basis of the factual information and business understanding provided to us in relation to the proposed international transaction to be undertaken by DSL with its AE (i.e., ETT Dubai).

Yours faithfully,

For **Lakshmikumaran and Sridharan Attorneys,**

S. Vasudevan

Executive Partner

AN ISO 27001:2013 CERTIFIED LAW FIRM

Transfer Pricing

Planning Report

DreamFolks
Your Airport Experience Amplified!

Dreamfolks Services Limited

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1. FACTS IN BRIEF

We have been given to understand the following factual background:

- 1.1. Dreamfolks Services Limited (“**Dreamfolks**”) is a listed entity incorporated in India in the year 2008 under the provisions of the Companies Act, 1956. It primarily integrates global card networks, card issuers, and corporate clients with various airport lounge operators, transport operators, and other airport service providers on a unified technology platform.
- 1.2. ETT Solutions DMCC (“**ETT Dubai**”) is a company incorporated in 2023 as a free zone company under the laws of the UAE. ETT Dubai operates under the brand name “Easy to Travel”. It is engaged in providing access to airport lounges fast-track airport services and allied travel and lifestyle services through contractual agreements with airport lounge operators and airport lounge aggregators. ETT Dubai caters to both B2B and B2C customers.
- 1.3. In the present case, Dreamfolks is proposing to acquire a stake in ETT Dubai. After the acquisition (*i.e., both primary and secondary acquisitions*) is completed, 60.24% of the shareholding in ETT Dubai shall be ultimately held by Dreamfolks, and the remaining shall be held by the existing shareholders of ETT Dubai. The acquisition is expected to be completed in the first quarter of FY 2026-27. Post acquisition, ETT Dubai and Dreamfolks shall qualify to be associated enterprises (“**AEs**”) under section 162 of the Income-tax Act, 2025 (“**IT Act, 2025**”) [*erstwhile section 92A of the Income-tax Act, 1961 (“IT Act, 1961”)*]. Resultantly, the transfer pricing provisions shall be applicable.
- 1.4. Dreamfolks and ETT Dubai have entered into a service arrangement dated 01.03.2024, wherein Dreamfolks has agreed to provide airport lounge access services to ETT Dubai for the airports for which Dreamfolks has entered into a contract with airport lounge operators. The list of airport lounge operators has been agreed and captured in the agreement. In addition, certain travel and lifestyle services shall also be provided such as facilitating customer movement to and from airport.
- 1.5. For providing the lounge access to ultimate customers, ETT Dubai is maintaining an online portal through which the customers can place a request for generating vouchers for the airport lounge access. ETT Dubai lists the airports for which the lounge access has been provided by Dreamfolks.
- 1.6. Further, through technology integration between ETT Dubai and Dreamfolks, the list of inventories available is updated on the ETT Dubai’s portal. Once a customer places a request for lounge access, the vouchers for the same, duly approved by Dreamfolks, can be generated from ETT Dubai’s portal.
- 1.7. For redemption of the vouchers, Dreamfolks hosts applications to process and capture the lounge access transactions at the agreed lounges for access by ETT Dubai’s customers.
- 1.8. It has been agreed between Dreamfolks and ETT Dubai (including shareholders of ETT Dubai) that the entire responsibility for servicing the customers in UAE shall lie with ETT Dubai. In case there is any

default at the customer's end in respect of any dues, the liability for the same shall rest with ETT Dubai. Further, Dreamfolks shall be responsible towards entering into arrangements with airport lounge operators and providing technical support at the time of redemption of the vouchers. No direct arrangement shall lie between ETT Dubai and the lounge operators.

- 1.9. Till now, Dreamfolks and ETT Dubai have agreed that ETT Dubai shall pay consideration to Dreamfolks on a per voucher redeemed basis. The rates have been negotiated between the parties, depending on the region for which lounge access has been provided. The rate has been determined to ensure that Dreamfolks earns a limited margin, and the residual returns are passed on to ETT Dubai.
- 1.10. In view of the foregoing, Dreamfolks has approached Lakshmi Kumaran & Sridharan Attorneys ("LKS") for determining the arm's length price ("ALP") receivable by Dreamfolks for the provision of airport lounge services provided to its AE (i.e., ETT Dubai), in accordance with the transfer pricing regulations prescribed under the IT Act, 2025.

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2. SCOPE

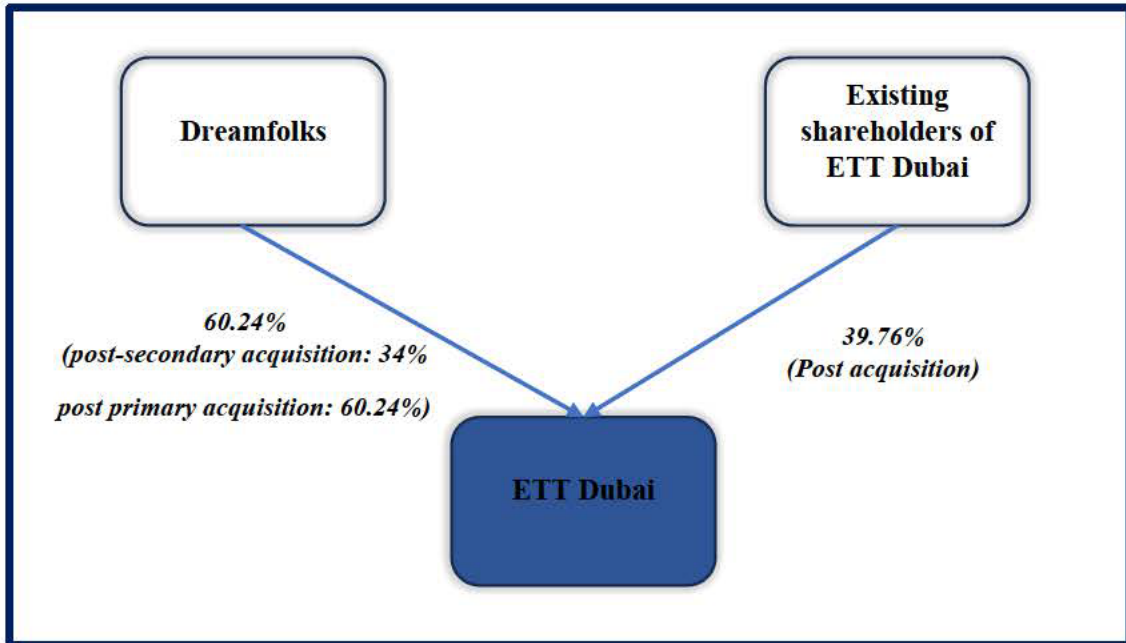
- 2.1. In the above background, Dreamfolks has approached LKS for assistance in determining the ALP receivable by Dreamfolks from ETT Dubai for the proposed international transaction involving the provision of airport lounge access services, in accordance with the Indian Transfer Pricing provisions under the IT Act, 2025 and related provisions.

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3. INTRODUCTION

3.1. Proposed Ownership Structure

The proposed ownership structure of Dreamfolks and ETT Dubai is given below:



3.2. Dreamfolks Services Ltd.

Dreamfolks integrates global card networks, card issuers, and corporate clients with airport lounge operators, transport operators, and airport service providers through a proprietary technology platform providing benefit management services that empower clients to tailor airport and lifestyle service offerings.

3.3. ETT Solutions DMCC

ETT Dubai provides access to airport lounges and fast-track airport services through contractual arrangements, enhancing the airport experience across more than 120 countries and over 500 airports.

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4. ANALYSIS OF LEGAL PROVISIONS

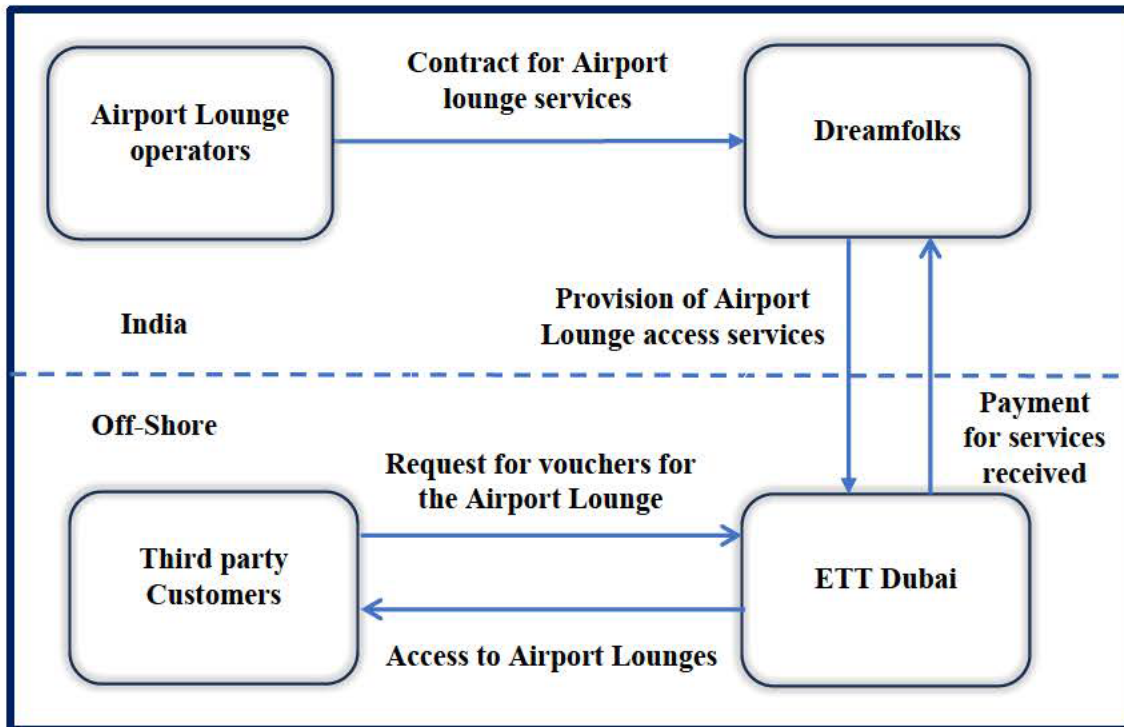
- 4.1. The following provisions of the IT Act, 2025 and Income Tax Rules, 2026 (hereinafter referred to as “**IT Rules, 2026**”) provide for the computation of ‘arm’s length price’:
- a) Section 165 of the IT Act, 2025 (*erstwhile section 92C of the IT Act, 1961*)
 - b) Rule 79 of the IT Rules, 2026 [*erstwhile Rule 10B of the Income-tax Rules, 1962 (“IT Rules, 1962”)*]
 - c) Rule 80 of the IT Rules, 2026 (*erstwhile Rule 10C of the IT Rules, 1962*)
 - d) Rule 81 of the IT Rules, 2026 (*erstwhile Rule 10CA of the IT Rules, 1962*)
- 4.2. According to section 165 of the IT Act, 2025, the arm’s length price in relation to an international transaction has to be determined by any of the following methods:
- a) Comparable uncontrolled price method (“**CUP**”);
 - b) Resale price method (“**RPM**”);
 - c) Cost plus method (“**CPM**”);
 - d) Profit split method (“**PSM**”);
 - e) Transactional net margin method (“**TNMM**”);
 - f) Such other method prescribed as per Rule 78 of the IT Rules, 2026 (*erstwhile Rule 10AB of the IT Rules, 1962*).
- 4.3. Rule 79 of the IT Rules, 2026 stipulates the manner of application of the aforesaid transfer pricing methods. The same is not being discussed here for the purpose of brevity. However, the same has been applied wherever required in this document. The said rule also provides the factors in reference to which comparability of controlled transaction with the uncontrolled transaction is to be adjudged. The exclusive list of factors as laid out in Rule 79 of the IT Rules, 2026 is given as under:
- a) the specific characteristics of the property transferred, or services provided in either transaction;
 - b) the functions performed, taking into account assets employed or to be employed and the risks assumed, by the respective parties to the transactions;
 - c) the contractual terms (whether or not such terms are formal or in writing) of the transactions which lay down explicitly or implicitly how the responsibilities, risks and benefits are to be divided between the respective parties to the transactions;
 - d) conditions prevailing in the markets in which the respective parties to the transactions operate, including the geographical location and size of the markets, the laws and Government orders in force, costs of labour and capital in the markets, overall economic development and level of competition and whether the markets are wholesale or retail.

- 4.4. According to Rule 80 of the IT Rules, 2026, for selecting the most appropriate method, the following factors should be taken into consideration:
- a) the nature and class of the international transaction;
 - b) the class or classes of associated enterprises entering into the transaction and the functions performed by them, taking into account assets employed or to be employed and risks assumed by such enterprises;
 - c) the availability, coverage, and reliability of data necessary for application of the method;
 - d) the degree of comparability existing between the international transaction and the uncontrolled transaction and between the enterprises entering into such transactions;
 - e) the extent to which reliable and accurate adjustments can be made to account for differences, if any, between the international transaction and the comparable uncontrolled transaction or between the enterprises entering into such transactions;
 - f) the nature, extent, and reliability of assumptions required to be made in the application of a method.
- 4.5. Rule 81 of the IT Rules, 2026 provides the mechanism for the computation of arm's length price in case the application of methods results in more than one comparable price. The rule enumerates the situation in which the arm's length range concept of considering 35th percentiles to 65th percentiles is to be adopted, and in what scenarios the arithmetic mean of comparable prices is to be considered. Provisions as contained in Rule 81 of the IT Rules, 2026 are summarised as below:
- The range concept is applicable where the method used for the determination of ALP is CUP, TNMM, CPM or RPM.
 - There must be at least 6 comparables to apply the range concept. Where the number of comparables is less than 6, the mean of the weighted average of comparable companies is evaluated for arm's length computation.
 - The transaction will be considered to be at arm's length if it falls between the lower range of 35th percentile and the upper range of 65th percentile of the dataset.
- 4.6. Considering the aforesaid provisions, computation of arm's length price has been carried out in the succeeding sections.

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5. VALUE CHAIN ANALYSIS

- 5.1. With respect to the proposed international transaction of “*provision of access to Airport Lounges Services*” by Dreamfolks to ETT Dubai, value chain analysis has been carried out in the diagram below:



- 5.2. Dreamfolks and ETT Dubai have entered into a service arrangement wherein Dreamfolks has agreed to provide airport lounge access services, and certain ancillary travel and lifestyle services to ETT Dubai for certain overseas airports for which Dreamfolks has entered into contract with airport lounge operators. For providing the lounge access to ultimate customers, ETT Dubai is maintaining an online portal through which the customers can place a request for generating vouchers for the airport lounge access. ETT Dubai lists the airports for which access has been provided by Dreamfolks. Through technology integration between ETT Dubai and Dreamfolks, the list of inventory available is updated on the ETT’s portal. Once a customer places a request for lounge access, the vouchers for the same, duly approved by Dreamfolks, can be generated from ETT’s portal.
- 5.3. It has been agreed between Dreamfolks and ETT Dubai that the entire responsibility for servicing the customers in the UAE shall lie with ETT Dubai. Dreamfolks shall be responsible towards entering into arrangements with airport lounge operators and providing technical support at the time of redemption of the vouchers.

6. FUNCTION, ASSET, AND RISK ANALYSIS

6.1. Functions Performed

Dreamfolks will provide access to airport lounges and certain travel and lifestyle benefits to its AE (i.e., ETT Dubai). The business functions performed by Dreamfolks and its AE with respect to the proposed international transaction under review are discussed below:

a) **Customer Solicitation:**

Customer solicitation involves identifying potential customers, presenting available services, and undertaking activities aimed at converting leads into active users of the service platform. It includes promotional communication, outreach activities, and the initiation of customer relationships.

Dreamfolks: Dreamfolks does not undertake any customer solicitation activities in respect of ETT Dubai's clientele. Its role is confined to providing lounge access inventory and technology support without engaging in customer-facing business development. Accordingly, it does not perform the captioned function.

AE: AE is entirely responsible for soliciting customers in the UAE market. It undertakes all outreach initiatives, client acquisition efforts, relationship initiation, onboarding communication, and all associated business development activities.

b) **Entering into a contract with customer**

This function covers entering into binding agreements with customers, including the establishment of service, service obligations, pricing, payment terms, and any other commercial conditions affecting service delivery.

Dreamfolks: Dreamfolks does not enter into any contractual arrangement with ETT Dubai's customers. All contractual relationships remain exclusively between ETT Dubai and its customers.

AE: AE independently executes contracts with its customers, determines the commercial terms, and assumes full responsibility for all obligations arising from such customer agreements.

c) **Advertisement and Marketing**

Advertisement and marketing involve promoting services, conducting brand-visibility initiatives, managing digital and offline campaigns, and undertaking activities that enhance customer awareness, engagement, and service uptake.

Dreamfolks: Dreamfolks does not participate in advertising, marketing or promotional activities relating to the proposed international transaction with ETT Dubai. Its functions are limited to providing backend facilitation of lounge access to ETT Dubai or its customers.

AE: AE performs all advertisement and marketing activities, including digital promotions, brand-building, customer communication, and other initiatives aimed at enhancing customer acquisition and retention.

d) **Technology Development**

Technology development includes designing, developing, updating, and maintaining software platforms that enable voucher issuance, data integration, and customer interface functionalities.

Dreamfolks: Dreamfolks is responsible for maintaining the backend technology infrastructure required for voucher approval and redemption and providing real-time updates of lounge inventory data. Further, it is also responsible for ensuring its technology infrastructure integrates with AE's platform. Considering that technology development for Dreamfolks is a backend function, updates required in the process are limited.

AE: AE is responsible for developing, enhancing, and maintaining the customer-facing platform through which voucher requests are initiated. Given that the platform is a front-end system, the frequency and complexity of updates required are significantly higher as they directly impact customer experience.

e) **Contracts with vendors i.e., airport lounge operator**

This function involves identifying lounge operators and other service providers for travel and lifestyle benefits, negotiating commercial terms, executing contracts, and ensuring continuity of supply-side services required to fulfil customer entitlements.

Dreamfolks: Dreamfolks is entirely responsible for entering into and managing contracts with airport lounge operators. It negotiates commercial terms, administers arrangements, and ensures the availability of lounge access for ETT Dubai's customers.

AE: AE does not enter into any contractual arrangements with lounge operators. Accordingly, it does not perform the captioned function in the proposed international transaction.

f) **Post Sale Support**

Post-sale support comprises responding to handling customer queries, addressing service issues, providing assistance following voucher issuance, and ensuring overall customer satisfaction for all post-transaction needs

Dreamfolks: Dreamfolks does not provide post-sale customer support to ETT Dubai's end-customers. Its involvement is limited to enabling voucher redemption at the lounge operators' locations. Accordingly, it does not perform the captioned function.

AE: AE is fully responsible for post-sale support, including handling customer concerns, resolving service-related issues, and ensuring end-to-end customer satisfaction for users of its platform.

g) **End customer relationship**

This function includes managing customer relationships, handling customer feedback, maintaining service standards, and ensuring sustained customer engagement.

Dreamfolks: Dreamfolks does not maintain any relationship with the end-customers who are using ETT Dubai's services. All interactions are restricted between the customers and ETT Dubai. Accordingly, it does not perform the captioned function.

AE: AE assumes complete responsibility for managing and nurturing the end-customer relationship, including communication, service feedback, and long-term customer engagement.

h) **Pricing of services vis-à-vis ultimate customers**

Pricing involves determining the charges payable by customers, formulating pricing strategies, and setting commercial terms aligned with market conditions and business objectives.

Dreamfolks: Dreamfolks does not control or influence pricing decisions relating to the amounts charged to ETT Dubai's ultimate customers.

AE: AE solely determines the pricing of services offered to its customers and assumes full responsibility for pricing strategy, competitiveness, and revenue realization.

i) **Administrative and other support functions**

Administrative and support functions include IT upkeep, accounting activities, and other routine operational functions necessary to support business operations.

Both Dreamfolks and its AE will perform the administrative and other business support functions (such as IT upkeep, Accounts management, etc.) in their respective jurisdictions themselves.

6.2. **Assets Utilised**

Assets utilised refer to the tangible and intangible resources employed in the course of the proposed transaction, including ownership, control, and associated rights.

a) **Tangible Assets**

Both Dreamfolks and ETT Dubai deploy tangible assets such as office infrastructure and operational hardware required for carrying out their respective business activities.

b) **Intangible Assets**

Dreamfolks: Dreamfolks develops and deploys software to ensure seamless voucher redemption, backend processing, and API integration for lounge access management. Accordingly, it deploys intangible assets relevant to the proposed international transaction.

AE: AE develops and deploys proprietary customer-facing software, which is the primary interface for service delivery. The platform is central to customer acquisition and service fulfilment and forms a critical intangible asset for its business.

6.3. Risks Assumed

a) **Market risk**

Market risk arises when an entity faces adverse changes in market conditions resulting from either increased competition in the marketplace, declines in demand within the market, or the inability to market or position products for targeted customers.

Dreamfolks: Dreamfolks market and sales depend on the number of AE's customers booking the lounge access. Accordingly, it bears indirect market risk with respect to the proposed international transaction.

AE: AE bears the primary market risk as it operates in a competitive customer-facing environment and is directly exposed to fluctuations in demand and consumer behaviour.

b) **Price Risk**

Price risk is the risk that future income streams may vary due to movements in service prices or an entity's inability to charge previously anticipated prices.

Dreamfolks: Dreamfolks and its AE operate on pre-agreed prices, which duly account for the cost and expenses incurred by the former. Thus, the price risk assumed by Dreamfolks with respect to the proposed international transaction is limited.

AE: AE bears full price risk, as it independently determines the prices charged to customers and absorbs any adverse financial consequences associated with its pricing decisions.

c) **Vendor Risk**

Vendor risk relates to the exposure associated with the performance, reliability, and contractual compliance of suppliers, including airport lounge operators.

Dreamfolks: Dreamfolks bears primary vendor risk because it directly manages contractual relationships with lounge operators and is responsible for ensuring service availability in accordance with those agreements.

AE: AE bears indirect vendor risk to the extent operational disruptions at the vendor level affect its customers.

d) **Service liability Risk**

Service liability risk includes exposure arising from deficiencies in service delivery, customer dissatisfaction, or claims arising from deficient service.

Dreamfolks: Dreamfolks bears risk related to any deficiency in lounge services and voucher redemption. However, in view of the contractual relationship with the lounge operators, the risk related to deficiency in lounge services gets passed on the actual lounge operator(s).

AE: AE bears risks related to all customer-facing services, such as customer onboarding, payment processing, voucher generation, etc. However, risk related to a deficiency in lounge services (if any) gets passed on to the third-party lounge operator.

e) **Credit Risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial transaction fails to meet its contractual obligations.

Dreamfolks: Dreamfolks bears the credit risk in respect of invoices raised on AE. However, as the transaction is between AEs, the risk is limited.

AE: AE bears the entire credit risk associated with its customers and remains fully liable for any non-payment or default by them.

f) **Foreign Exchange Fluctuation Risk**

This risk arises from exposure to currency fluctuations when transactions involve payments and receipts denominated in different currencies.

Dreamfolks: Dreamfolks raises invoices on ETT Dubai in foreign currency. Accordingly, Dreamfolks is exposed to foreign exchange fluctuation risk with respect to payments received from its AE.

AE: AE makes payments to Dreamfolks in its local currency. Consequently, AE does not assume any foreign exchange fluctuation risk with respect to the proposed international transaction.

6.4. Summary of Functions, Assets, and Risks (“FAR”) Analysis

A summary of the functions performed, assets utilised, and risks assumed by Dreamfolks and its AE (i.e., ETT Dubai) with respect to the proposed transaction is tabulated as under:

S. No.	Particulars	Dreamfolks	AE (ETT Dubai)
Functions performed			
1.	Customer Solicitation	-	✓
2.	Entering into contract with customer	-	✓
3.	Advertisement and Marketing	-	✓
4.	Technology development	✓ <i>(backend software)</i>	✓ <i>(Customer facing platform)</i>
5.	Contracts with vendors i.e., airport lounge operator	✓	-
6.	Post Sale Support	-	✓
7.	End Customer Relationship	-	✓
8.	Pricing of services vis-à-vis ultimate customers	-	✓
Assets Utilised			
9.	Tangible Assets	✓	✓
10.	Intangible Assets	✓	✓
Risks Assumed			
11.	Market Risk	✓ <i>(Indirect Risk)</i>	-
12.	Price Risk	✓ <i>(Limited Risk)</i>	✓
13.	Vendor Risk	✓	✓

S. No.	Particulars	Dreamfolks	AE (ETT Dubai)
			<i>(Indirect Risk)</i>
14.	Service liability risk towards the customer	✓ <i>(limited risk w.r.t voucher redemption)</i>	✓
15.	Credit Risk	✓ <i>(Limited Risk)</i>	✓
16.	Foreign Exchange & Fluctuation Risk	✓	-

6.5. Selection of the Tested Party

The tested party is one of the parties to an international transaction to which a transfer pricing method can be applied in the most reliable manner and for which the most reliable comparables can be found, i.e., it will most often be the one that has the least complex functional analysis.

Based on the FAR analysis, we understand that ETT Dubai maintains the platform for providing services to the customers and is also responsible for acquiring and retaining existing customers. Also, ETT Dubai owns the platform through which it services its customers. On the other hand, Dreamfolks is responsible for entering into contracts with the vendors in India and also maintaining software for backend integration and processing. Also, we have been given to understand that even post-acquisition by Dreamfolks, ETT Dubai shall continue to undertake the key marketing and sales-related functions without the assistance of Dreamfolks.

In the above facts, considering that ETT Dubai owns the primary intangibles such as the platform developed, customer lists, and the trademarks, which are integral for running the UAE business and also perform the key functions for managing the business, ETT Dubai is a much more complex entity in comparison to Dreamfolks, which acts as an aggregator of airport lounges. In view of the same, it is apposite to consider Dreamfolks as the tested party for the purpose of benchmarking the underlying transaction.

6.6. Availability of comparable data

a) Internal comparable data

Based on the information provided to us and discussions held with the management, we understand that Dreamfolks has not undertaken similar activities with third parties. Further, ETT

Dubai has also not entered into a similar contract with any third parties directly till date. Accordingly, no internal comparable data is available for determining the arm's length price of the proposed international transaction.

b) **External comparable data**

Considering that no internal comparable data exist for the proposed transaction under review, resort will have to be made to the external data.

The prices of the lounge aggregation services under consideration are not available in the public domain, as such services are provided as per specifications uniquely tailored to the requirements of ETT Dubai. However, data with respect to the profitability earned by comparable companies engaged in lounge aggregation, tour and travel aggregation services, and similar industries can be identified.

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7. SELECTION AND APPLICATION OF THE MOST APPROPRIATE METHOD

7.1. Selection of the Most Appropriate Method

As per the Indian transfer pricing provisions, the income arising from an international transaction with an AE must be computed having regard to the ALP. The calculation of the ALP has to be done by using the most appropriate method. The most appropriate method must be selected from the following methods:

- Comparable Uncontrolled Price Method;
- Resale Price Method;
- Cost Plus Method;
- Profit Split Method;
- Transactional Net Margin Method; or
- Any other method as provided in Rule 78 of the IT Rules, 2026.

Rule 80(2) of the IT Rules, 2026 lists the factors that should be taken into account in selecting the most appropriate method. Some of the factors are:

- The availability, coverage, and reliability of data necessary for the application of the method;
- The extent to which reliable and accurate adjustments can be made to account for differences, if any, between the international transaction and the comparable uncontrolled transaction or between the enterprises entering into such transactions; and
- The nature, extent, and reliability of assumptions required to be made in the application of a method.

Analysis of the applicability of each of the methods to the proposed transaction is carried out as below:

a) **Comparable Uncontrolled Price Method**

In relation to the proposed international transaction, Dreamfolks has not provided same or similar services to third-party customers. The ETT Dubai has also not availed similar services from third-party vendors. Further, data in respect of similar transactions between two third parties is also not available. Accordingly, CUP cannot be applied as the most appropriate method.

b) **Resale Price Method**

RPM is the most appropriate method in cases involving the purchase and resale of goods/ services to customers without making any value addition. In the present case, Dreamfolks develops and deploys its software for voucher redemption and undertakes API integration with ETT Dubai's platform. Thus, there is significant value addition in the present international transaction. Accordingly, RPM cannot be applied as the most appropriate method.

c) **Cost Plus Method**

The CPLM can be employed in cases involving manufacture, assembly or production of tangible products or provision of services that are sold / provided to related parties. It compares the profit mark-up on costs (both direct and indirect) earned by a manufacturer / service provider to the profit mark-up earned by uncontrolled manufacturers / service providers. However, the data with respect to the direct and indirect costs of production/services of the comparable companies is not readily available in the public domain owing to the differential accounting treatment adopted by companies. Considering the same, CPLM has not been applied as the most appropriate method for determining ALP of the proposed international transaction.

d) **Profit Split Method**

The PSM is used in situations involving the transfer/use of unique intangibles along with other international transactions, which are so closely interrelated that they cannot be evaluated separately for determining the arm's length price.

In the present case, considering the function, asset, and risk analysis, the role of Dreamfolks in the UAE business is limited in comparison to the role of ETT Dubai. Also, the services are not provided to the customers in an integrated manner. Rather, Dreamfolks aggregates and provides services to ETT Dubai, which identifies customers and makes further sales. Accordingly, the present business cannot be said to be an integrated business warranting the application of the profit split method. Accordingly, in view of the above, the profit split method has not been considered as the most appropriate method.

e) **Transactional Net Margin Method**

Under TNMM, the standards of comparability are less stringent relative to the other methods with only broad similarity of functions required. This method compares the normal net profit margin, computed in relation to costs incurred or sales effected or assets employed or having regard to any other relevant base, realised by AEs to the net profit margin realised by unrelated enterprises from comparable uncontrolled transactions.

The TNMM has the following practical advantages:

- In the case of TNMM, the net margins (e.g. return on assets, operating income to sales, and possibly other measures of net profit) are less affected by transactional differences than is the case with price, as used in the CUP;
- The net margins may also be more tolerant of some functional differences between the controlled and uncontrolled transactions than gross profit margins, as used in RPM;
- The differences in functions performed between enterprises are often reflected in variations in operating expenses. Consequently, enterprises may have a wide range of gross profit margins but still earn broadly similar levels of profits.

In the present case, Dreamfolks will be acting as a lounge service aggregator. The comparable companies engaged in similar business in India could also be identified. Thus, considering the nature of the transaction and the availability of relevant data, TNMM has been applied as the most appropriate method for determining the ALP of the proposed international transaction.

f) **Other method – Rule 78 of the IT Rules, 2026**

Since TNMM has already been considered as the most appropriate method for determining the ALP for proposed international transactions of Dreamfolks with its AE (i.e., ETT Dubai), “Other Method” is not applied as the most appropriate method.

7.2. Selection of Profit Level Indicator

The arm’s-length result of profitability can be established by one of several financial indicators. A variety of indicators may be used in a given review; the choice between Profit Level Indicators (“**PLI**”) depends upon the activities of the tested party, the reliability of the data of comparable uncontrolled companies, and the extent to which the indicator will produce a reliable measure of an arm’s-length result. These indicators include the rate of return on capital employed, net profit margins, and various other “financial ratios.” A critical factor to be considered in selecting an appropriate PLI is the extent to which that PLI is likely to produce a reliable measure of an arm’s length result.

When TNMM has been applied as the most appropriate method, “Operating profit” divided by any relevant base can be considered as the profit level indicator. In the present case, considering the nature of the international transaction, “Operating Profit” by “Operating Cost” has been considered as the PLI.

7.3. Comparable Search

In accordance with generally accepted principles and regulatory guidance, a search is carried out for comparable companies that perform the same or similar functions, assume the same or similar risks, and utilize the same or similar assets.

The objective of the search for comparable companies was to identify a group of independent comparable companies, with publicly available data, that undertake a business similar to the tested party. A comparable search was performed on three databases, namely, Prowess IQ, TP Catalyst, and Ace TP.

Search - PROWESS IQ Search

Overview of the database

Prowess IQ is owned, developed, and maintained by the Centre for Monitoring Indian Economy (“CMIE”).

It consists of the financial performance of Indian companies. The database contains information on all listed companies and a larger set of unlisted companies. The database is built from the audited Annual Reports of companies and information submitted to the Ministry of Company Affairs, and in the case of listed companies, the database also includes company filings with stock exchanges and prices of securities listed on the major stock exchanges.

The database is updated continuously by CMIE.

Search Write-up

We searched for companies in the PROWESS database having either ‘Economic activity’ and/or ‘Products / Raw materials’ classified under the following headings:

- *Tourism*
- *Transport & Allied Services*
- *Community, Social & Personal Services*
- *Travel Agencies and Tour Operators*
- *Internet Services*
- *Online Marketplaces*

Search Process

The companies selected in the initial search process are screened on the basis of economic activity as indicated below:

S. No.	Criteria	No. of comparable
1.	Initial set	3480
Step 1A– Quantitative filters		
2.	<u>Data available for the year ending March 2025 and beyond</u> <i>This filter has been applied in accordance with Rule 10CA of the IT Rules, 2026 & Rule 81 of the IT Rules, 1962, as per which only those companies may be considered as comparable whose financial data is available for the current financial year (i.e. March 2026) or its immediately preceding financial year (i.e. March 2026)</i>	495
3.	<u>Total Income greater than INR 0 crores</u> <i>This filter has been applied in order to eliminate companies which are having significantly lower turnover vis-à-vis the value of transaction under consideration, as the financial results of such companies are not reliable for benchmarking purpose</i>	495
4.	<u>Trading income is more than or equal to 75% of Total Income</u> <i>This filter has been applied to eliminate companies that are not engaged in trading or aggregation industries.</i>	263
Step 1B - Qualitative filters		
5.	<u>Business functionally similar to the tested party</u> <i>This filter is applied to identify companies engaged in similar business activities as that of the tested party</i>	3
6.	<u>Related party transaction less than or equal to 25% of Total Income</u> <i>This filter has been applied to eliminate companies having significant transactions with related parties. As those companies cannot be said to be performing uncontrolled business functions</i>	

(Refer to Annexure 1 and 2 for details)

Search– TP Catalyst Search

Overview of the database

TP Catalyst is a globally recognized transfer pricing analysis and documentation tool developed by Bureau van Dijk, providing robust comparability assessments across jurisdictions.

TP Catalyst is a web-based database for arm’s-length benchmarking analysis. It draws on company data, royalty rate data, lending margin data, and commodity price data. It is a web-based tool powered by the Orbis database as its main source for transfer pricing analysis and tax risk assessment.

It leverages the Orbis database, which integrates data from over 170 global sources, including audited financials, ownership structures, and related-party transactions. This standardization plays a vital part in effective cross-border benchmarking in Transfer Pricing Analysis.

Search Process

The companies selected on the initial search process are screened based on economic activity as indicated below:

S. No.	Criteria	No. of comparable
Quantitative and Qualitative filters applied in the search process		
1.	<p><u>Initial set of comparables</u></p> <p>We searched for active comparable companies that are incorporated in India in the TP Catalyst database relating to the following keywords, NACE Codes, US SIC Codes, and NAICS Codes:</p> <ul style="list-style-type: none"> • <u>US SIC: 4724</u> – Travel Agencies • <u>NAICS 2022: 56151</u> – Travel Agencies • <u>NACE: 79</u> – Travel Agency, tour operator reservation service, and related activities 	5
2.	<p><u>Data available for March 2025 and above:</u></p> <p>This filter has been applied in accordance with Rule 10CA of the IT Rules, 2026 & Rule 81 of the IT Rules, 1962, as per which only those companies may be considered as comparable whose financial data is available for the current financial year (i.e. March 2026) or its immediately preceding financial year (i.e. March 2025).</p>	

S. No.	Criteria	No. of comparable
Quantitative and Qualitative filters applied in the search process		
3.	<p><u>BVD Independence indicator: A+, A, A-, B+, B, B-</u></p> <p>We searched for companies with a higher degree of independence indicator to eliminate companies having significant related party transactions.</p>	
4.	<p><u>Business and functional similarity:</u></p> <p>This filter is applied to identify companies engaged in similar business activities</p>	

(Refer Annexure 3 and 4 for details)

Search– Ace TP Search

In addition to the above, a comparable search was carried out on the ACE TP database as well. However, no additional comparable companies were shortlisted from the same. Accordingly, the detailed search process used in the same has not been discussed here for the sake of brevity.

7.4. Computation of arm’s length profit margin

The result of the profit margins earned by comparable companies shortlisted from the aforesaid databases is tabulated below:

S. No.	Company Name	Weighted average margins (Operating profit/ Operating Cost)	Software Used
1.	████████████████████	███%	TP Catalyst
2.	████████████████████	███%	Prowess
3.	████████████████████	███%	TP Catalyst
4.	██████ ███████ ███████ ██████	███%	TP Catalyst

S. No.	Company Name	Weighted average margins (Operating profit/ Operating Cost)	Software Used
5.	████████████████████	███%	TP Catalyst
6.	████████████████████	███%	TP Catalyst
7.	████████████████████	███%	Prowess
8.	████████████████████	███%	Prowess
35th Percentile		███%	
Median		███%	
65th Percentile		███%	

(refer Annexure 5 for details)

Note: Since there are more than six comparable companies, the arm's length range beginning from the thirty-fifth percentile of the dataset and ending on the sixty-fifth percentile has been considered for determining the arm's length price. This is in accordance with Rule 10CA of the IT Rules, 2026 & Rule 81 of the IT Rules, 1962.

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8. RECOMMENDATION TO DREAMFOLKS

- 8.1. Based on the aforesaid benchmarking exercise, considering the transfer pricing principles, Dreamfolks may charge consideration from ETT Dubai on a net operating cost plus arm's length markup basis. The cost shall include all the direct and indirect operating cost incurred by Dreamfolks for rendering services to ETT Dubai such as employee cost, IT cost, administrative cost, third party vendor cost etc.
- 8.2. Further, based on the comparable search performed, Dreamfolks must earn a margin between [REDACTED] % to [REDACTED] %. It is advisable to earn a margin higher than the median margins i.e., [REDACTED] %.
- 8.3. A summary of computing the operating cost and operating profit for the proposed international transaction is tabulated below:

Steps	Description
Step 1	Determine the estimated direct cost (such as direct lounge cost and costs relating to travel and lifestyle benefits, etc.) associated with the provision of airport lounge services to ETT Dubai for FY 2026-27.
Step 2	Determine the estimated common indirect cost and overhead costs (such as employee cost, depreciation, amortization, other operating and administrative expenses) that should be appropriated to the captioned international transaction for FY 2026-27.
Step 3	Out of the total common overhead cost, apportion the cost to the services provided to ETT Dubai. This apportionment shall be based on an apportionment key (i.e., headcount of employees working for ETT, hours spent on ETT, number of ultimate customers to whom access is provided to lounges), depending upon the availability of data.
Step 4	Determine the estimated total operating cost of services by adding the costs determined in Steps 1 and 3.
Step 5	Add a mark-up of [REDACTED] % or more on the costs determined in Step 4.
Step 6	The value determined in Step 5 would be the total consideration for services that may be received by Dreamfolks from ETT Dubai for FY 2026-27.
Step 7	At the end of FY 2026-27, when the actual cost incurred for the provision of airport lounge services is identified, the difference in the estimated cost determined in Step 5 and revised actual costs should be taken into account while computing the

Steps	Description
	consideration for airport lounge services provided by Dreamfolks to ETT Dubai for the quarter ending March 2027.

- 8.4. It is to be noted that the mark-up recommended by LKS is based on the comparable search carried out for FY 2025-2026. At the end of the FY 2026-2027, a fresh transfer pricing study would be required to be maintained by Dreamfolks in compliance with the Indian Transfer Pricing regulations.
- 8.5. Also, it may be noted that the methodology suggested is based on the proposed function asset and risk analysis captured in this report. In case of change in the understanding, the methodology may require a change.
- 8.6. It may also be noted that the phrase '*arm's length transaction*' as used in Explanation to section 188(1) of the Companies Act, 2013, has been defined to mean '*a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.*'. The phrase '*arm's length transaction*' and associated definition are broadly in line with that provided in the Indian Transfer Pricing regulations. Accordingly, the rigours of section 188(1) of the Companies Act, 2013 will not be attracted if the arm's length pricing methodology as suggested in this report is duly adopted between Dreamfolks and ETT Dubai.

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