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February 12, 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 February 07, 2025

Dear Sir(s)/ Madam(s),

In continuation of the earlier communication regarding the Earnings Conference Call regarding financial performance of the Company for the quarter and nine months ended on December 31, 2024 and in compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), please find enclosed herewith the transcript of the Earnings Conference Call held on February 07, 2025.

The said Earnings Conference Call transcript may also be accessed at 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: 2025.02.12 20:00:25 +05'30'

Dreamfolks Services Limited

Harshit Gupta
Company Secretary and Compliance Officer

Encl: as above

“Dreamfolks Services Limited

Q3 & 9M FY '25 Earnings Conference Call”

February 07, 2025

Disclaimer: E&OE. This transcript has been edited for factual errors. In case of discrepancy, the audio recordings uploaded on stock exchange on 07th February 2025, will prevail.

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

Moderator: Ladies and gentlemen, good day, and welcome to Dreamfolks Services Limited Q3 and 9M 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 touchtone phone. Please note that this conference is being recorded.

Before we begin, let me remind you that this discussion may contain forward-looking statements and may include known or unknown risks, uncertainties and other factors. It may be viewed in conjunction with the company's business risk that could cause future results, performance or achievements to differ significantly from what is being expressed or implied by such forward-looking statements.

Today on this call, we have with us Ms. Liberatha Kallat, Chairperson and Managing Director; Mr. Giya Diwaan, Chief Financial Officer; Mr. Balaji Srinivasan, Executive Director and Chief Technology Officer and Mr. Sandeep Sonawane, Chief Business Officer.

I now hand the conference over to Ms. Liberatha. Thank you, and over to you, ma'am.

Liberatha Kallat: A very good evening, everyone, and thank you for joining us on the earnings conference call for the quarter and 9 months ended 31st December 2024. We announced the financial results earlier today, and I hope you had a chance to go through the results, investor presentation and press release, which are available on the Stock Exchanges and on the company's website.

During the 9 months of financial year '25, the two main revenue drivers that is the air traffic and credit card growth grew by 6.7% and 13.7%, respectively. Dreamfolks revenues grew by 14.5%, beating industry growth on account of addition of new clients. Our strategic focus of expanding our services beyond travel to lifestyle services will provide tailwinds to our top line growth in the coming years.

During this period, bank clients continue to increase the minimum spending threshold on cards, thereby maximizing their return by spending money on the right set of users leading to a slight change in our volume mix, which put some pressure on our gross margins to 11.8% in 9MFY25. However, this is in line with our gross margin guidance of 11% to 13% for FY25.

Our adjusted EBITDA margin stands at 7.9% in 9MFY25. We are witnessing structural change by our bank clients as part of the spend-based program implementation so that the benefits are being offered to the right set of users.

As part of our expansion strategy, we hired top talent in India and out of India, which slightly impacted our margins. These decisions, while impacting our margins in the short term, are designed to strengthen our market position and enhance our long-term profitability. The company's strategic direction remains focused on diversification and expansion across three critical spheres: services, clientele and geographies. This approach is not just about growth. It's about strengthening our foundation and broadening our horizons to serve our customers better and to create a more robust business model.

We are excited to announce addition of new services such as baggage wrapping and coffee at malls. This addition not only enhances our service portfolio, but also addresses a growing need for offerings beyond the travel sector and tap further into lifestyle space.

Baggage wrapping will help travellers seeking added security for their luggage and the thought behind launching coffee as a benefit was to tap into one of the largest spending categories after travel that is shopping.

Further, we have expanded our domestic presence with the addition of two new lounges at Ayodhya Airport and Goa Dabolim Airport, bringing our total domestic airport lounge touchpoints to 76. This expansion ensures we maintain 100% coverage at Indian Airports, reaffirming our commitment to providing comfort and luxury to travellers across the nation. We continue to maintain 100% coverage at railway stations as well with our 13 railway lounge touchpoints. We have introduced new golf clubs in Maharashtra for one of the leading card issuers, offering opportunities for networking. The total number of golf courses in our network now stands at 63 in India as on 31st December 2024.

In terms of diversification of clientele, we have taken significant steps during the quarter. We have successfully added 13 enterprise clients, including prominent OTAs like MakeMyTrip and TBO. I will leave it for Sandeep to delve deeper into our new partnership and the value they bring. We have also continued to expand our portfolio of banking clients, some of them transitioned to us from the competition. This shift is a clear indicator of our superior service quality and the trust we have earned with our clients.

On the global front, our expansion continues with the addition of 10 international lounges, enhancing our global lounge network. The total number of airport lounges outside India now stands at 671. Moreover, our meet and assist services have now extended to more than 380 airport terminals worldwide, ensuring a seamless and personalized travel experience for our customers wherever they may be. As on 31st December 2024, we have 605 golf courses outside India, providing access to golf games and lessons across the world.

I will quickly talk about the industry. The outlook for India's travel industry is highly optimistic with WTTC projecting the sector to grow at 6.9% annually and expand to $512 billion by 2028. This growth will be driven by a blend of socioeconomic dynamics, technological progress and strategic government initiatives, fostering substantial expansion. The recently announced 2025-26 union budget places a strong emphasis on stimulating growth, generating employment and developing infrastructure in the sector.

The central government has announced plans to channel investment into infrastructure development closely in partnership with state governments. Under the modified UDAN scheme, 120 airports will be connected and carry 4 crores new passengers in the next 10 years, which will significantly boost regional connectivity, fostering economic growth by enhancing trade, tourism and investment opportunities across underserved areas.

Additionally, there is a determined effort to boost spiritual and medical tourism within the nation. The significant focus of the government on this industry highlights the immense potential it possesses in the world's fastest-growing economy.

The credit card industry is also experiencing a robust expansion driven by digital economic push, technological innovation, regulatory reforms and changing consumer habits. The number of credit cards in circulation has grown by 10% year-on-year to 108 million credit cards as on 31st December 2024, as reported by the RBI. This growth is driven by the banking sector's evolution, collaboration between banks, credit card issuers, fintechs and start-ups and a trend towards digital payments.

To conclude, our strategic endeavours in diversifying services, expanding our clientele and extending our global reach are stepping stones to a future where our brand is synonymous with excellence, innovation and customer satisfaction. Our ability to navigate challenging market conditions highlights our technological strength and operational excellence. The achievements reflect the commitment of our team and demonstrates our ability to ensure consistent service delivery. Together, we are building a business that sets new benchmarks in the industry.

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

Sandeep Sonawane: Thank you, Liberatha. Let me take you through the strategic vision that is guiding the company forward as well as the updates for the quarter. Dreamfolks focused on growth and diversification through three key drivers that is client addition, wide range of services and geographical expansion within India and globally.

Our goal is clear to continue leading as a dominant travel and lifestyle services aggregator. In the realm of services, we have made significant strides. The contribution of services other than India Airport lounge has increased to 6.9% in the first 9M FY '25, which was at just 5.2% in the same period last year. This remarkable growth is a direct result of our commitment to expanding our service offerings.

We are also excited to announce the new services, one of them being coffee as a benefit at the malls. At Dreamfolks, we are dedicated to continuously enhance the customer experience in meaningful ways. This complementary service is designed with an intent of elevating the overall shopping experience, providing a moment of relaxation and indulgence amidst shopping. We recognize that shopping is an integral part of the consumer lifestyle and by offering this unique benefit, we not only help reduce the client's cost, but also add significant value to the customer experience.

This service will help drive customer loyalty, deepen engagement and encourage higher spending, benefiting both client as well as customer. Not only will this service enhance our client offering, but it will also drive more transactions, save costs and increase engagement.

The other service that we added was baggage wrapping, a convenient way to secure luggage, protecting it from damage and tampering. The service involves encasing suitcases in durable plastic wrap, ensuring travellers belongings remain safe and intact throughout the journey. We currently have this service present at 12 airports in India and are in the process of expanding it to more cities.

Our lounge business remains the cornerstone of our company with the addition of 2 domestic lounges at Ayodhya and Dabolim Airport, taking our total domestic count to 76, maintaining 100% coverage. Despite the challenges posed by the spending-based programs, we have successfully maintained our volumes, highlighting the strength and resilience of our business model.

Turning to our clientele. Our focus has been adding a number of enterprises, and I am thrilled to report that we have added 13 new enterprises in this quarter. Our partnership ranges from integrating with the likes of MakeMyTrip to provide customers with the option of purchasing airport lounges during the flight booking process to collaborating with likes of TBO, WSFx Global Company and more. We have also forged alliances with a few more enterprises like travel agencies and loyalty companies.

Furthermore, we have welcomed new banking clients who have chosen us over our competition due to our wide array of services and robust tech.

Our global expansion remains a key focus with 10 new lounges added globally and 18 new F&B outlets in Dubai and Abu Dhabi. Our meet and assist services now extend to more than 380 airport terminals worldwide, and we boast a network of 605 golf courses outside India.

In conclusion, our strategic endeavours are not just about growth, they are about setting a new standard in the travel and lifestyle industry. We are building a legacy of excellence, customer satisfaction and global reach.

With that, I will now request Bala to take through what has happened in the last quarter.

Balaji Srinivasan: Thank you, Sandeep. I'll give an update about our technology platform. As you may be aware, our platform is designed and aimed at providing our clients and their end consumers the visibility of their benefits, provide access to such benefits, the choice of access mechanism and the host of services while at the same time getting an excellent consumer experience and the superior technology stack as the underlying core of such enablement of multiple services we have at our company.

As Sandeep mentioned, we are seeing a trend that our clients are continuing to do more deeper integration with us and are leveraging our platform's for spend-based options and other tools for existing products and new product launches. Many of you may have already used our web access product, the consumers can register the card, keep the benefits and the services that is available on that card, for example, lounges, meet and assist and other services.

They can also take the utilization on such card and eventually generate a QR code to get access to such lounges. They can also take friends and family along by going in a paid model, in case the friends and family don't have access to complementary lounges or in case the complementary visits have been exhausted.

Our entire stack is proprietary and has been developed in-house. The platform and the technology is cloud-based, and it allows the partners to check the benefits of the consumers based on the cards, memberships, vouchers and also allows access to different facilities based on the benefits of the integration as for the client, such as banks, networks, processes and their underlying systems.

In the back end, the platform actually comprises of quite a few components. There is benefit configuration, there is benefit calculation, there is an entire management engine. And there are also data exchange APIs with different banks and networks and these integration options to embed deeply into different mechanisms with our partners. Our platform also facilitates the use of hybrid access modes depending on the client's preference, so they can use whichever mechanism is most beneficial to them.

It also facilitates access processes so the consumers benefit such things in real time across various access models. And that drives accurate accounting and is designed to prevent abuse and denial of services. I will hand over to Giya for an update on the financials for the quarter. Over to you, Giya.

Giya Diwaan: Thank you, Bala, and a very good evening to everyone. I truly appreciate your presence today. This quarter marks new milestones in our ongoing progress. It reflects our collective efforts and foreshadows future opportunities. We navigated challenges, achieved successes, and adapted to change, all while adhering to our core values.

The financial results we'll review today are not merely data points. They demonstrate our commitment and the positive impact we are delivering to our clients and the industry. I will begin by giving you the quarterly highlights first, followed by the 9-month period.

Revenue for the quarter stood at INR 340.1 crores, an increase of 11.5% from INR 305.1 crores in the corresponding quarter of the last year. Gross profit stood at the same level at INR 38.3 crores as compared to Q3 FY '24. Gross profit margin saw a marginal decline due to the reasons highlighted by Liberatha in her speech earlier. Adjusted EBITDA stood at INR 25.8 crores as compared to INR 29.7 crores in the same quarter of the last year. Adjusted EBITDA margin was at 7.6% as against 9.7% in Q3 FY '24. The company recorded a PAT of INR 16.9 crores as compared to INR 20.0 crores in Q3 FY '24. PAT margin declined slightly to 5% as compared to 6.6% in Q3 FY '24. Diluted earnings per share for Q3 FY '25 stood at INR 3.2 as against INR 3.7 in Q3 FY '24.

Now moving on to 9M FY '25. Revenue for the period stood at INR 977.7 crores, a 14.5% growth as compared to INR 853.9 crores in the corresponding period of the last year. Gross profit saw a modest growth at INR 115 crores as compared to INR 101.7 crores in 9M FY '24.

Gross profit margin was at 11.83%, almost in line with 9M FY '24. Adjusted EBITDA stood at INR 77.1 crores in 9M FY '25 as compared to INR 76.1 crores in the same period of the last year. Adjusted EBITDA margin was at 7.9% as against 8.9% in 9M FY '24.

The company recorded a PAT of INR 50.1 crores as compared to INR 50.7 crores in 9M FY '24. PAT margin declined slightly to 5.1% as compared to 5.9% in 9M FY '24. Diluted earnings per share for 9M FY '25 stood in line at INR 9.3 similar to 9M FY '24.

Our cash flow from operations has improved significantly compared to last year. The cash flow from operations stood at INR 36.5 crores in 9M period as compared to negative INR 32.9 crores in corresponding period last year. This is on the back of improved DSOs.

We continue to have a strong balance sheet. Our net worth as on 31st December 2024, stands at INR 284.8 crores compared to INR 236.4 crores as of March '24. Our cash and reserves balance at that quadrant stood at INR 1,134.5 crores. Our working capital cycle for the quadrant stood at 30 days from 58 days in the last quarter.

Our strategic initiatives, especially towards global expansion are well underway and are expected to serve as a catalyst for future growth. We remain confident in our strategies that has helped us deliver sustainable growth so far.

With that, I would like to conclude my update, and we are happy to open the floor for questions.

Moderator: We have our first question from the line of Deepali Kumari from Arihant Capital Markets.

Deepali Kumari: I just have a couple of questions. Like what are the key drivers behind the company expansion beyond the airport lounges? And how do you see this segment evolving? And also with services like baggage wrapping and coffee at mall being introduced, how do you plan to scale and integrate these offerings?

Balaji Srinivasan: How do you see the segment evolving? And third question...

Deepali Kumari: Okay. So sir, I'm asking what are the key drivers behind the company expansion beyond airport lounges? And how do you see this segment evolving?

Sandeep Sonawane: Okay. So I think it was mentioned that our two main vectors which decides our top line growth, One is the air traffic growth and the second is basically as to how much is the credit card industry growing every month-on-month or maybe for that matter year, so these are two big vectors that drives fundamentally our top line.

Deepali Kumari: Okay. And sir, what is the strategy for increasing revenue from non-airport lounge service to the targeted 50% to 20% in the next 4 to 5 years?

Sandeep Sonawane: So we have continued. In fact, our strategy is very clear, expand in terms of the client base or rather increase the type of the client that we have. Currently, a significant portion of our business is coming from bank as a client. We are adding quite a lot of number of enterprises. And we just mentioned that we have added 13 enterprises. So that is part of Strategy number one.

Part of Strategy number two is to increase the number of services. So we move away not only from the travel as a sector, but we are also targeting lifestyle as a sector, and hence, golf becomes important, hence, coffee becomes important, so on and so forth. So as we keep adding more and more services, the opportunity to really sell these services to our sponsor clients increases. So that is strategy pillar number two.

And the third one is global expansion. So while we feel very confident in terms of what we have built in India and because of which we have whatever market share, which we are really dominant, we feel that given our tech prowess, we can take the same model elsewhere and probably replicate in any other country, and that's the Strategy number three, which is going to a Southeast Asia market as a first or maybe Middle East as a market as a Phase 1. So these are the three strategic pillars that we keep driving.

Deepali Kumari: Yes. Okay, sir. Also, sir, like the company has increased its F&B presence with 18 new outlets in the Middle East and the 9 in India. So how do the economics of F&B operations compared to traditional non-service in terms of revenue per transaction and margins?

Sandeep Sonawane: If you were to really look at the unit value, the unit value would be close to 60% of the lounge or maybe 50% in some cases. However, the propensity of using an F&B is higher because there is a choice to the consumer, unlike a lounge where you have to go into a lounge, which is probably only one in an airport, in a single airport.

So hence, we are expanding our portfolio because quite a lot of consumers are feeling or rather, they enjoy the local cuisine, the local culture of the country. And that is why we thought that F&B plays a very integral part to it, which also defines a little bit of culture of the place. And that is why we are adding a lot of F&B places across globe, also in India.

Moderator: Ma'am, we please request you to rejoin the queue. The next question is from the line of Kaustav Bubna from BMSPL Capital.

Kaustav Bubna: So I wanted to understand your view on the competitive threat that a player like Priority Pass poses to Dreamfolks. Also wanted to understand when we see Priority Pass cards, you see that Priority Pass has its own card, it's not like you have an HDFC card and then your lounge access is permitted through that HDFC card. They give a separate Priority Pass card, right?

So I just wanted to understand the business model difference. How do they've created a brand so they can do that. How do you see your business evolving in that regard? And, what is Dreamfolks strategy to battle competitive threats from players like Priority Pass?

Liberatha Kallat: Sure. So firstly, just to tell you that, yes, Priority Pass is a 30-plus year old company in the market. And I think the way Dreamfolks actually came up in the market was to create a differentiator, and the differentiator was primarily not to give a separate card, but to actually give the benefit on the same credit or the debit card. So that was the biggest difference. So Priority Pass was already existing in India. It's not that they are a competition which has come now or recently. They were always there.

However, because of the differentiator what we created in terms of the technology, in addition to that, in, I would say, a couple of years, the way we have also built the different services and the way the technology is now deeply integrated with all our clients, right? So that is one of the biggest strengths and I would say, a differentiator what we created. So we do not see a threat with the competition like Collinson or a Priority Pass for us especially for India, and that's how we have gained the market share from them.

The differentiator what we are rather creating is not to have a separate plastic because today, everything is changing, and payments are becoming digital. So people are actually not even carrying any additional card with them. So, carrying a card just for a lounge access or for a benefit is actually no more there, right?

So the way we are actually building even in terms of growing in other markets is to digitalize, and we have already built that solution, and more and more clients are adapting to the same system what we have built. So if you actually ask me, I would say that we are far ahead of the competition in terms of the technology what we have built, not just in terms of the solution, but I would also say that in terms of the benefits or the services, we are not just limiting ourselves to the travel today. We have also gone into lifestyle. So this is the biggest differentiator, and we do not see any such threats from Priority Pass or any other competition.

Kaustav Bubna: So I had another question on the risk. So if you look at 2 aspects of risk, so out of your INR 1,200 crores of revenue, your main business is from lounge access, right? So is there any way you could tell me out of this INR 1,200 crores of revenue, how much of the top 5 lounges contribute? And which are those top 5 lounges?

And then the second question is on risk is, there's been this concern, and I think I've heard it in your call also before, where analysts are asking, if GMR and Adani set up their own lounges, how does this impact the business of Dreamfolks? So could you address all these questions I've asked?

Liberatha Kallat: So I would say that it's a mix of numbers coming from all the lounges. So there is nothing called the top 5 locations because every different client has a different set of requirements in terms of the network in what they require, right? So I will not be able to actually tell you which would be the top 5 in terms of the contribution.

Now secondly, coming to partners like the ones you mentioned, I would say that even if it is a lounge from GMR or any other operator, they would need volume or revenue coming in, right, because they are just building the infrastructure. But to run the lounge, they would need the customers, and I would say that Dreamfolks is the one who is driving the majority of the volume to all these lounges. So the thing is that there is no such threat because we’ve become as a partner for them to work together.

Kaustav Bubna: But then does your margin and your revenue for that particular lounge fall if you're handling a lounge and promoting a lounge of a third party other than Adani or a GMR?

Liberatha Kallat: It is the same model, whether it is run by Adani or if it is run by any other operator. The model is the same.

Balaji Srinivasan: We don't own or operate.

Liberatha Kallat: Yes, so anyways, there are no lounges that are managed or run by Dreamfolks. All these lounges are third-party owned. So it makes no difference for us, whether it is owned by GMR or if it is owned by any other operator.

Kaustav Bubna: Yes, yes, I understand that but I was talking about bargaining power because they are large entities, but anyways understood.

Moderator: We have our next question from the line of R Sen from MAS Capital.

R Sen: So India's aviation sector is witnessing like a consolidation right, where Indigo and Tata's have kind of literally dominated 85% of the domestic market. Now given a significant portion of this revenue is linked to the footfalls with tie-ups with airlines, do you see a plan to insulate any airline-driven pricing pressure or any potential renegotiations of partnerships given this interesting dynamic that is shaping up?

Sandeep Sonawane: So frankly speaking, I mean, 2 airlines operating in India versus 5 airlines actually doesn't change or rather to that extent, doesn't impact us at all because we are driven by the industry. I mean, air traffic as such as opposed to a combination of one company along with the other or the interplay between them.

So to that extent, it doesn't matter because ultimately, whether you choose an airline A or an airline B, the consumer sitting inside the plane is my consumer. So really it does not impact, I mean, the merger or 85% contribution of the 2.

R Sen: The reason I was asking that question because India is obviously in its very early stages. But if you see the U.S., right, you have these giant airlines where they run their own lounges and the same thing can come to India, and that's why I was hinting at where if the Tatas and Indigos of the world decide to enter this business, they have the 85% market share. So have you thought about that as a risk?

Liberatha Kallat: Sir if you actually see even in India, there were airline lounges, right? There were Air India lounges, there were Jet Airways and, in the past, even the Kingfisher lounges were also there. But these will primarily cater only to their airlines, which would be for their business class or the loyalty customers, right? However, we are not catering to that segment. We are actually catering to a segment which is non-business class.

So, it is primarily a benefit which has been given by the banks or the OTAs or the enterprises who are actually driving this program. So it will actually not impact or there is no risk in terms of if there are airline lounges coming.

Secondly, just to give you a brief that the way right now, there are changes happening in Indian market in terms of the privatization. So if you actually see, all these airline lounges are actually out now, and because they do not want to have multiple lounges, there are only one lounge or max there will be 2 lounges, which would be dedicated, one would be just for the business class or the first class passengers and one is dedicated to the loyalty cardholders, which is primarily the one what we are running. So even if there are these airline lounges coming in, just to tell you that there is no threat for us.

R Sen: Sure. I appreciate that. One last question. So Dreamfolks has been looking at international markets, particularly Southeast Asia and the Middle East. What challenges have you encountered in expanding beyond India? Are global players like Priority Pass or Plaza Premium becoming a hurdle in establishing the partnership abroad?

Liberatha Kallat: So as I told you that when we started in India as well, there were players like Priority Pass existing and there were other players also existing. The way we entered the market was creating a differentiator in India market, and that is actually helping us in a similar way to bring up in the other regions as well, right?

I would say the way Dreamfolks is building and growing is in terms of enhancing the solution, not having a stabilized or not improvising the one which we have built maybe 12 years back, we are improvising, and we are upgrading ourselves and understanding what the client requirement is.

So I don't see that it is a challenge from the competition there. But I would say that the gestation period in terms of onboarding any new client, especially a bank is a longer time because already when there is a relationship, it takes time for anyone to actually migrate to a new partner. So that is the reason that it is taking time.

Secondly, we are already working with, I would say, the international brands like the network providers, and we are very closely working right now in building the solution for the global market as well for them.

Moderator: We have our next question from the line of Kunjan from Tycho Ventures.

Kunjan: So my question is that for facilitating airport lounge access, we are diversifying from banks to other enterprises like airlines, OTAs. So what would be the contribution of these enterprises currently? And second, that we have also started offering membership ranging from 7,000 to 1 lakh Dreamfolks membership. So how is this picking up? And is this a similar model to Priority Pass membership model?

Sandeep Sonawane: Okay. So, I'll answer the first question. In the next 4 to 5 years, we envisage the business coming out of enterprise would be close to 20% on a top line. So that continues to be our model, and that will help in terms of also improving our margin.

Kunjan: No. But what I'm trying to ask is that even within facilitating airport lounge access, which is currently like 93% of our revenue, how much is our dependence on banks? And what is the proportion of other OTAs and other enterprises contributing?

Sandeep Sonawane: Yes. So yes, close to 95% of our business, to be frank with you, is coming from banking or networking type of clients and as Liberatha mentioned, whenever we sign a client, one, it takes a little longer time.

Secondly, what happens with enterprise, unlike a bank, enterprise is -- there are many enterprises, and every single enterprise gives us much smaller revenue as compared to a bank client. A bank client, once it comes, gives you a larger revenue as compared to enterprise.

Secondly, to answer your second question on the Dreamfolks Club membership, see, the idea of launching the Dreamfolks Club membership was threefold. One was to tell that it is not only one service that is available with Dreamfolks, which is lounge, but a bank or a B2B client, even for that matter, enterprise can actually package the entire services and can offer to the consumer, point number one.

Point number two, it also helped us in terms of making our various services discoverable to the clients. I mean clients still know us as a lounge provider. So, the entire objective of that was to really tell the bank as a client or an enterprise as a client that we have many more services than the lounge. So, the idea then also was not to really go B2C, but the idea was to ensure that our B2B clients through our website know that these can be packaged, these are available at these kinds of costs, and there are many more services other than the lounge, and we stick to that.

And to answer the question, frankly speaking, we are not even tracking in terms of what is the kind of volume that is coming out of this because it is not intended to really drive volumes for us from B2C, it is B2B only.

Moderator: We have our next question from the line of Shreyans Mehta from Equirus.

Shreyans Mehta: I missed on the reason for the lower gross margin for this quarter?

Sandeep Sonawane: So, we did mention that banks are going and increasing their threshold, the spend threshold for the consumer. I mean a case in point would be that a very known bank, which had a limit of INR 35,000 per quarter, increased it to INR 75,000 per quarter, and that actually reduced dramatically the volumes.

And when all these kinds of changes happen, Shreyans, you would really appreciate the kind of volumes that we are managing. There is definitely a change in the volume mix that happens, and because of which there is always a slight correction that happens in terms of gross margins, which are temporary.

Shreyans Mehta: Got it. Got it. Sure. And one more from my side. How should one look for FY '26 in terms of revenues?

Sandeep Sonawane: In terms of growth, you are asking?

Shreyans Mehta: Yes, yes.

Sandeep Sonawane: Shreyans, FY '26, , we want to really see this year passing by. We are already at the fag end of the third quarter has happened. Fourth quarter, I think, you've already got an indication in terms of the growth that we have. We are at 14.5% revenue growth as far as top line is concerned, so first 9 months.

Shreyans Mehta: Right, right. So I mean, as pointed out, the industry growth is expected at 6% to 9%, we'll definitely outperform it, right? That's the way to look at it?

Sandeep Sonawane: Yes, we are already, if you were to look at both, I mean, which Liberatha in her speech also mentioned that the air traffic growth as well as the credit card growth is much lesser this year than what we are growing at. So, we are definitely outperforming on both the vectors.

Shreyans Mehta: Got it. And two clarifications. One, I mean, in terms of employee cost, should we assume this is the peak and probably this would be the run rate going forward? And secondly, in terms of our other income, this quarter seems to be on a higher side.

Sandeep Sonawane: So yes, employee cost more or less, Shreyans, should be in similar line unless and until there is a business as usual. I mean, that's one. Secondly, in terms of what is the other income. So Giya did mention that at this point in time, we had a very good cash flow. And obviously, whatever you are seeing is the treasury income that is coming through. I hope that we continue this and give you better results than this. But that's a very small portion of that.

Shreyans Mehta: Got it. And I mean, one, if I can, I mean, squeeze in one more. Just in terms of cash flow, I mean, what is the reason? Is it that the debtor days, which has helped us during this quarter? Or it's something else as well in terms of creditors?

Giya Diwaan: Yes. So both, Shreyans, in terms of creditor days as well as debtor days actually, which was slightly off track in the month of September, we could bring in the efficiency now in this quarter.

Moderator: Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to Ms. Liberatha for closing comments. Over to you, ma'am.

Liberatha Kallat: Thank you all for joining our earnings call today. 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 yourself, and goodbye. Thank you.

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