

IPO Details	
Opening Date	May 29, 2023
Closing Date	May 31, 2023
Stock Exchange	NSE SME
Lot Size	1600 shares
Issue Price	₹ 80 to ₹82 per share
Issue Size	26,16,000 Equity Shares
Application Amount	₹ 1,31,200
Amount Raised (Issue Type)	₹21.45 Cr (Fresh Issue- ₹18.23 Cr & OFS - ₹3.22 Cr)

IPO Objective	
1.	Expansion of current service line in the US and Western European regions.
2.	Pex-Panel- Adding new categories of freelancers.
3.	General Corporate Purposes.
4.	Technology development.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	50,09,499	67.09%
Public	24,57,405	32.91%

Promoter of the Company	
1.	Mr. Gaurav Munjal

Competitive Strengths	
1.	Accomplished Leadership Team and qualified workforce.
2.	Long Lasting Business Relationships.
3.	Comprehensive Talent Pool
4.	Strong Research Capabilities

Company Background	
○	Infollion research services Limited was incorporated in the year 2009 headquartered in – New Delhi, Haryana.
○	The Companies business model is primarily a work intermediation platform within the definition of B2B Human Cloud companies.
○	Company's website www.infollion.com is tech-oriented platform and all Services are rendered to this platform along with the on boarding of the experts who provide services that fulfil the needs of clients.
○	Provides a platform for workers or knowledge providers (gig workers) and employers or knowledge seekers to connect and find synergetic outcomes.
○	As on date of filing of Red Herring Prospectus, company have 117 employees on their payroll.

Financial Summary			
(INR In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	848.74	1,181.32	1,800.55
Net Assets	702.47	1,043.12	1,601.05
Total Borrowings	0	0	0
Total Revenue	1,606.46	2,220.13	3,529.92
Profit After Tax	207.65	340.66	557.92

Tentative Timeline	
Opening Date	May 29, 2023
Closing Date	May 31, 2023
Basis of Allotment	June 05, 2023
Initiation of Refunds	June 06, 2023
Credit of Shares to Demat	June 07, 2023
Listing Date	June 08, 2023

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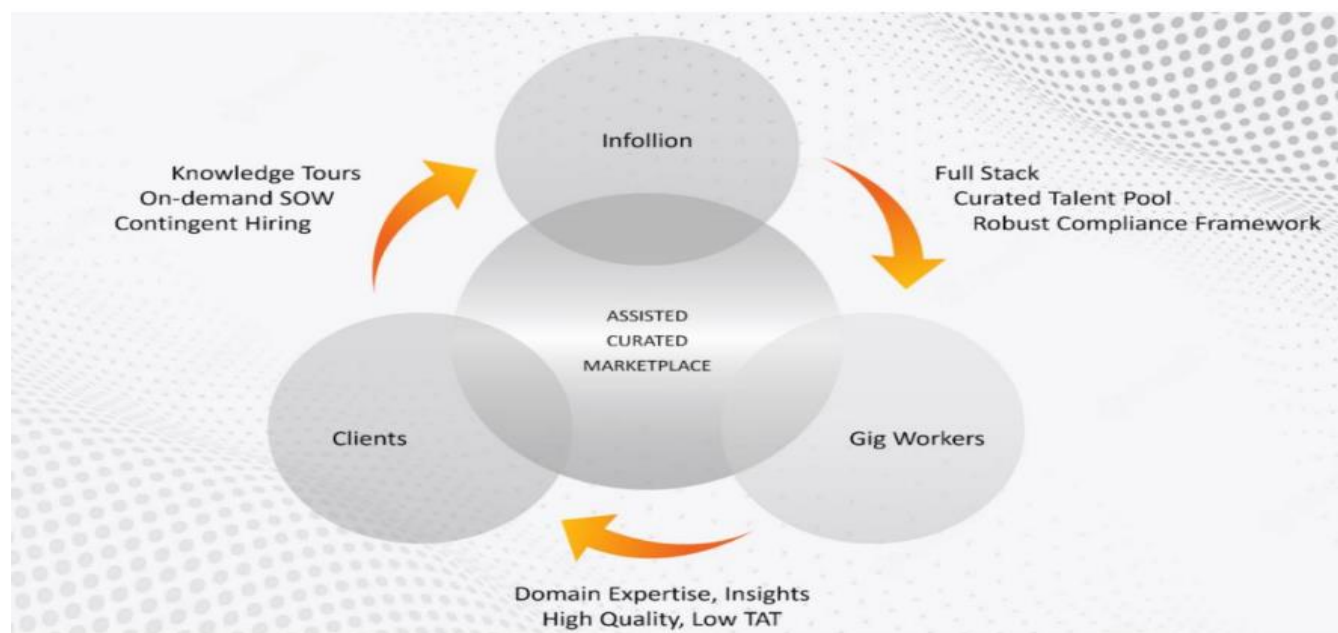
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Company Overview

Company has a website which is tech-oriented platform and all Services are rendered to this platform along with the on boarding of the experts who provide services that fulfil the needs of clients. Company is a tech-oriented marketplace, operating in the B2B Human Cloud segment, catering to on-demand contingent hiring and work arrangements with senior management talent, subject matter experts, and high-ranking, seasoned professionals. Company helps its clients by enabling knowledge sharing sessions and provides flexi-staffing solutions to enable businesses to draw actionable insights from people who have been there in the company .

Analysis

Business model of the company is primarily a work intermediation platform within the definition of B2B Human Cloud companies and arrange contractual work arrangements for clients by identifying, screening, vetting, and matching work requirements based on various parameters such as the nature, duration, objective, location, and pricing. Company has a strong compliance framework to back in-house research and networking capabilities enabling to deliver hiring services to clients.



Business Matrix

The Revenues and Profits along with the growth in past 3 years along with the stub period is given as under:

(Amount in Lakhs)

Particulars	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from Operations	3,503.09	2,198.46	1,597.01
CAGR on Revenue (%)	29.93%	19.58%	-
Profit After Tax	557.92	340.66	207.65
CAGR on PAT (%)	39.02%	16.83%	-

Revenue from operations is increasing Y-o-Y which is good sign for a growing and unique company like this.

Company has to focus more on utilizing core strengths for expanding operations in existing as well as new markets. Company has to come up with a cutting-edge technology and aptly supported by an efficient team of trained personnel who delivers the expert services in unexplored markets as one of the popular brands in Indian market and paved the way for acquiring bigger share of this competitive market. Company should intend to continue to provide high expertise services to clients and grow business by leveraging strengths and implementing strategies.

Industry Charts

Exhibit 1: R&D spending in India

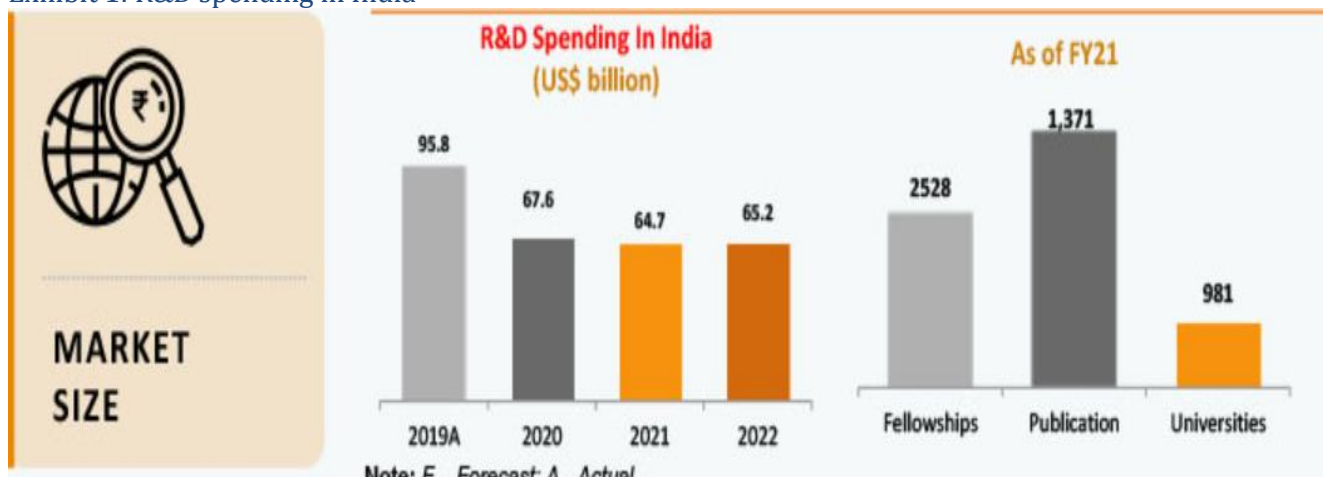
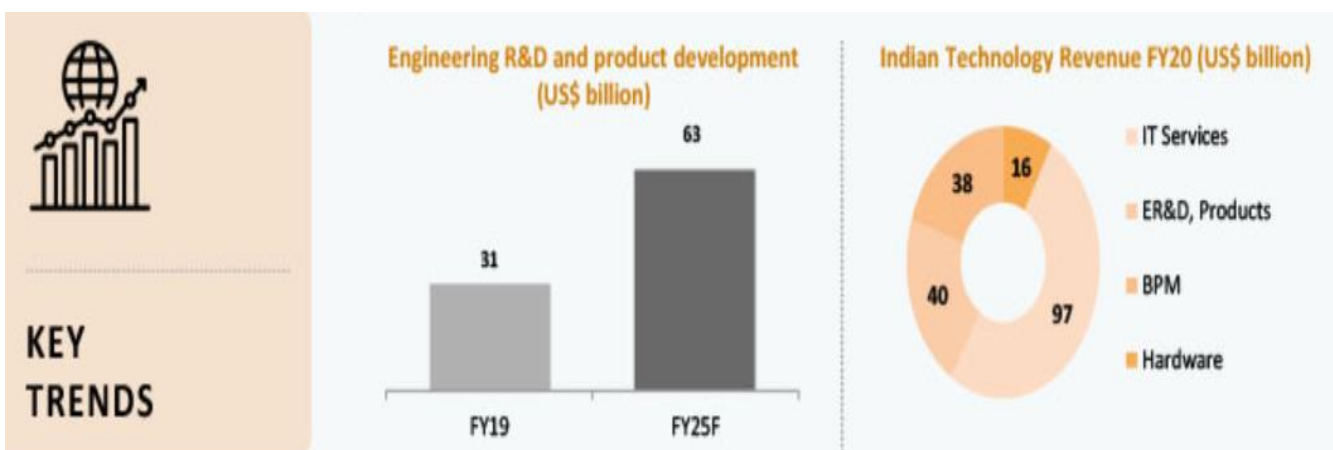


Exhibit 2: Global Rank



Exhibit 3: Engineering R&D and product development and Indian Technology revenue FY20



(Source- IBEF)

Investment Overview

Gig Economy

The gig economy is one of several names used to describe various forms of “gig” work, or small project freelance work. Others include “on demand economy,” “collaborative consumption” and “sharing economy.” Definitions of the gig economy vary widely among commentators. The narrower definition includes work structured as small projects of a relatively limited duration typically facilitated by an internet platform or app (i.e., freelancing as intermediated by vendors operating in the so-called “human cloud”). SIA’s definition is broader than this in that it includes any contingent work of a fixed duration such as temporary workers (sourced directly or through a staffing agency) and independent contractors.

B2B Human Cloud

Online platforms specializing in niche segments, enabling contingent hiring of highly skilled professionals are known to perform particularly well. Remote work assignments and arrangements are the norm among such platforms, accounting for over 80% of revenue, thereby making these platforms the preferred choice for remote-first jobs and knowledge work in general. Since these platforms support remote work, in principle, which can be completed virtually from any location, the platform’s location or headquarters has little to no impact on the business or the location of the demand and supply of gig work. Companies working under the B2B human cloud model are known to generate working opportunities almost everywhere across all regions of the globe.

EXPERT NETWORK INDUSTRY OVERVIEW

The expert network industry, considered one of segments of B2B Human Cloud, has been growing rapidly in recent years. This industry connects experts in various fields with clients who need their expertise for research and decision-making purposes. One of the key drivers of growth in the expert network industry is the increasing demand for specialized knowledge and insights. As the business environment becomes more complex and fast-paced, companies and organizations are turning to experts to help them navigate the challenges they face. This is

particularly true in industries such as technology, healthcare, and finance, where rapid changes in regulations and market conditions require specialized knowledge to navigate.

INDIA'S BOOMING GIG AND PLATFORM ECONOMY

A gig economy is a free market system in which organizations hire or contract workers for a short span of time. Simply put, the positions are temporary to meet the company's requirements by having short term engagements. Startups like Ola, Uber, Zomato, and Swiggy have established themselves as the main source of the gig economy in India. According to the Code on Social Security, 2020 (India), "A gig worker is a person who performs work or participates in work arrangements and earns from such activities, outside of the traditional employer-employee relationship. "They are independent contractors, online platform workers, contract firm workers, on-call workers and temporary workers. According to the India Staffing Federation report (2019), India is the 5th-largest in Flexi-staffing in the world, after the US, China, Brazil and Japan. According to the Boston Consulting Group's report, in India, over 15 million workers are employed as gig workers across the industries. The number is projected to rise by over 24 million in the near medium term and to 90 million in the long term. An ASSOCHAM report reveals, that the gig sector has the potential to grow to the US \$455 billion at a Compound Annual Growth Rate (CAGR) of 17% by 2024. The Indian gig economy has the potential to add 1.25% to the Indian Gross Domestic Product (GDP) and provide over 90 million jobs in the nonfarm sectors of India. According to the Economic Survey 2020-21, "the changing nature work with the change in technology, the evolution of new economic activities, innovation in organisation structures and evolving business models have grown the potential of the gig economy. "The survey also stated that digital platforms played a significant role in discovering job seekers and job providers in the absence of middlemen. The gig economy has various driving factors including work flexibility and the choice to work remotely from anywhere in the world. Further, the gig workers work on the fixed-fee (while doing a contract) model, time & effort model etc. and start-up culture has also promoted the idea of freelancing and contractual work. The labour contract is usually shorter and more specific to the task or job assigned, and the nature of payment against the work is more of a piece rate, negotiable and flexible time with a choice on when and where

to work. The problem with this kind of employment is the lack of social security, working conditions and working rights etc. It is largely unregulated which results in less job security and nominal benefits. In another word, it is an extension of India's informal or unorganised labour, which is yet to be reformed by the government. A gig-economy employee will have to upgrade his skills on his own at his own cost While companies routinely invest in training employees.

(Source- Prospectus)

Addressable market for Infollion Research services Limited

A gig economy is a free market system in which organizations hire or contract workers for a short span of time. As the company is in to b2b business they are trying to connect likeminded people with same business interests and help each other in easy way. If company try to use this opportunity in right way by connecting people and making their work easy, they might hold large market share in this business.

Competition

Since India is a big economy if new companies come in to the play, they might face challenges as the threat of substitute becomes higher and the bargaining power of the company reduces accordingly. As of now company has less competition in the market and the business, they are in to is very unique business 20% to 30% of the workforce in USA are in to GIG economy and in India current GIG workforce is 7.7 million and is expected expand to 23.5 million workers by the year 2029-30.

PEER ANALYSIS

As per the prospectus there is no listed peer Company in India.

Promoters' Profile and Management Analysis

Mr. Gaurav Munjal



- Gaurav Munjal, aged 42 years, is Promoter and also the Managing Director on Board.
- He has completed Bachelors of Technology in Mechanical Engineering under the Dual Degree Programme from Indian Institute of Technology, Bombay and Master of Technology in Mechanical Engineering with specialization in Thermal and Fluid Engineering under the Dual Degree Programme from Indian Institute of Technology, Bombay.
- He has over 15 years of experience working in Indian & International geographies and under his leadership company has grown to a 100+ member organization serving global clients across global geographies.

Analysis on the Company's Promoter and Board of Directors

Gaurav Munjal is the Managing Director of Company. He has completed Bachelors of Technology in Mechanical Engineering under the Dual Degree Programme from Indian Institute of Technology, Bombay and Master of Technology in Mechanical Engineering with specialization in Thermal and Fluids Engineering under the Dual Degree Programme from Indian Institute of Technology, Bombay. He has over 15 years of experience working in Indian & International geographies and under his leadership company has grown to a 100+ member organization serving global clients across global geographies. He has been working at the junction of technology and HR in the on-demand employment space for more than a decade.

Aayara Shaheer, is the Non-Executive Director of Company. She holds a Bachelor's of Science degree from Delhi University. She also holds Post Graduate Diploma in Management from T. A. Pai Management Institute, Manipal, Karnataka. She has worked with Morgan Stanley India Financial Services Private Limited New Delhi as an Associate in the International Wealth Management Division, with Ask Wealth Advisors as a Vice President and with Systematix Shares and Stocks (India) Limited as a Vice President of Wealth Management Department. She has an experience of more than 12 years. She has joined Company in 2022

Munish Bansal is an Independent Director of Company. He has completed his Bachelors of Technology (Honours) in Electronics and Electrical Communication Engineering from Indian Institute of Technology Kharagpur. He has an experience of more than 13 years. He is the founder of SimplifiiLabs Private Limited, a Company provides a versatile Cloud Application Platform. He joined Company in 2022

Piyush Peshwani is an Independent Director of Company. He has completed his Bachelors of Technology and Master of Technology from Indian Institute of Technology, Bombay. He worked as a Software Engineer in CA (India) Technologies Private Limited and as a Manager-Business Development in Value Momentum Software Services Private Limited. He has the experience of 14 years.

To conclude the company has one promoter Gaurav Munjal has vast experience in the business and the other independent directors and non-executive directors are also well educated and experienced.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 31st March 2023
Profit and Loss			
Revenue from operations	1,597.01	2,198.46	3,503.09
Other income	9.45	21.67	26.83
Total Revenue	1,606.46	2,220.13	3,529.92
Expenses			
Expenses	1,334.93	1,777.54	2,824.29
Depreciation and Amortisation Cost	0.68	0.51	1.10
Finance Cost	2.30	1.36	4.61
Total Expenses	1,337.91	1,779.41	2,830.00
PBT	268.55	440.72	699.92
PBT Margin	16.82%	20.05%	19.98%
EBITDA	262.08	420.92	678.80
EBITDA Margin	16.41%	19.15%	19.38%
Net Profit	207.65	340.66	557.92
Net Profit Margin	13.00%	15.50%	15.93%
Balance Sheet			
Total Borrowings	-	-	-
Net Worth	702.47	1,043.13	1,601.05
Fixed Assets	1.32	2.24	0.23
Net Working Capital	718.24	1,073.42	1,605.65
Financial Measures			
Inventory Turnover Ratio	-	-	-
Receivables Turnover Ratio	4.23	4.00	3.79
Payables Turnover Ratio	-	-	-
Fixed Assets Turnover Ratio	1,209.86	981.46	15,230.83
Return on Capital Employed	15.57%	38.77%	101.98%
Return on Equity	29.56%	32.66%	34.85%
Debt-Equity Ratio	-	-	-

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has increased from Rs. 262.08 lacs in 2021 to Rs. 420.92 lacs in 2022 and on 31st Mar 2023 it was Rs. 678.80. The EBITDA on annualised basis has grown at a CAGR of 85.83%. The EBITDA margin in 2021 was 16.41%, 19.15% in 2022, and 19.38% up to Mar 2023. EBITDA is increased because of increase in revenue from operations and low finance cost and depreciation.

Net Profit

The net profit of the company has increased from Rs 207.65 lacs in 2021 to Rs. 340.66 lacs in 2022 and as on 31st Mar 2023 it increased to Rs. 557.92 lacs and growing at a CAGR of 89.27%. The net profit margin in 2021 was 13%, 15.50% in 2022 and 15.93% up to 31st Mar 2023. Increase in Net profit is because percentage contribution of employee benefits expense has decreased.

Finance Cost.

The company's financial cost is only due to Interest on bank, related parties, and other financial charges.

Financial Measures/Ratios

RoCE of the company up to 31st Mar 2023 is 41.93% vs 38.77% in 2022 and 35.98% in 2021. With the increase in the equity base of the company through IPO, the ROCE on Post-IPO basis is expected to fall.

ROE of the company in 2021 was 29.56%, 32.66% in 2022, and 34.85% up to Mar 2023, the ROE on Post-IPO basis would decrease because of introduction of new equity capital.

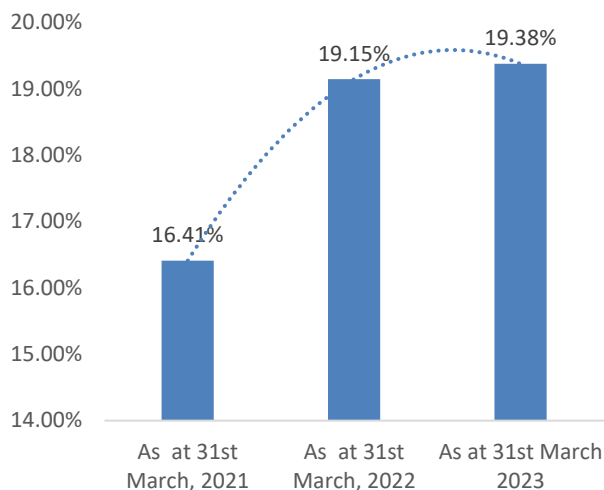
The Receivables Turnover Ratio decreased significantly in FY 22, indicating that the company converting its receivables to cash has reduced. But the reduction is very slight and should not be a worrying point for the company.

The Fixed Assets Turnover Ratio is not believed to be a good indicator for this company as the company is entirely into the service industry.

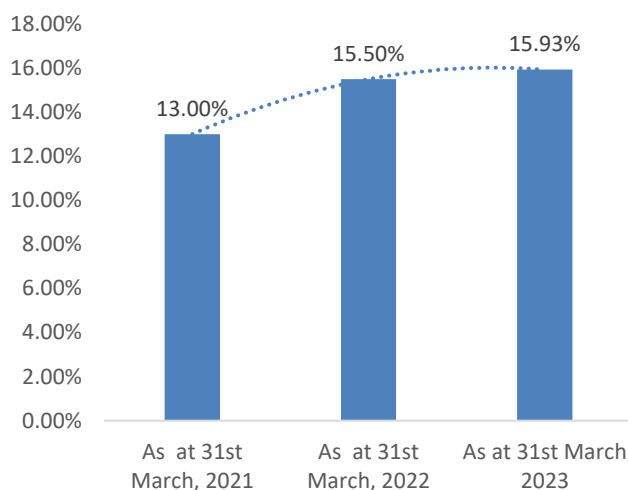
The company has a no debt – equity ratio because there is no total borrowing

Financial Charts

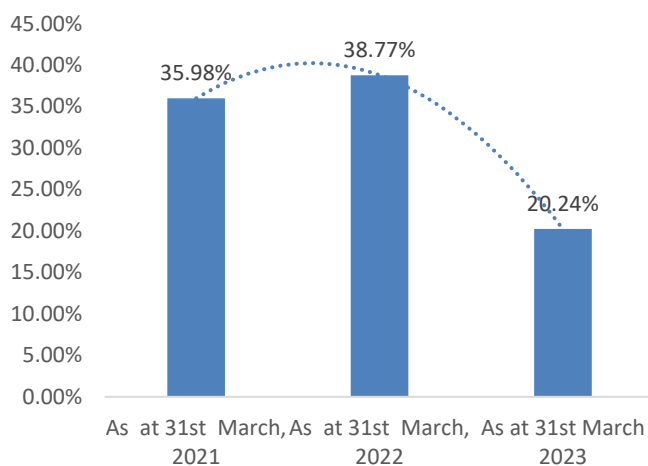
EBITDA Margin



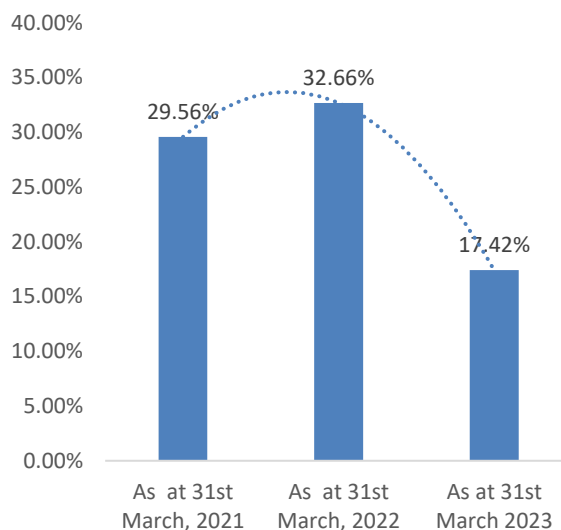
Net Profit Margin



Return on Capital Employed



Return on Equity



Key Risk Factors

1. Company may not be able to maintain and enhance the quality of existing services.
2. If the company have to increase costs associated with engaging, retaining and paying Network Members due to competition or otherwise the business, results of operations and financial position may be harmed.
3. The company rely on Network Members to provide accurate and complete information about their profiles and eligibility for projects.
4. The profitability and success of the business depend on their ability to identify, recruit, retain and engage Network Members.
5. Network Members may, from time to time, possess material UPSI information, creating a risk of disclosure and a risk that clients will trade on such information.

Track Record of Lead Manager

The lead manager to the issue is Holani Consultants Private Limited. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Holani Consultants Private Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP# (INR)
1	Shera Energy Limited	35.20	57	Feb 17, 2023	102.95
2	Insolation Energy Limited	22.16	38	Oct 10, 2022	131.25
3	Cool Caps Industries Limited	11.63	102	Mar 24, 2022	582.90
4	Network People Services Technologies Limited	13.70	80	Aug 10, 2021	593.40
5	G. K. P. Printing & Packaging Limited	6.58	32	May 08, 2019	12.28
6	Lagnam Spintex Limited	24.60	41	Sep 18, 2018	45.80
7	E2E Networks Limited	21.99	57	May 15, 2018	175.70

#CMP is taken as on 27rd May 2023

This is the 5th mandate from Holani Consultants in the last three fiscals (including the ongoing one). Out of the last 4 listings, 1 opened at a discount and the rest were listed at premiums ranging from 4.94% to 100.26% on the listing date.

Recommendation

The company has been into this industry since 2009 and have a decent track record. However, the company has also managed to increase its revenue at a good growth rate, along with a decent growth in EBIT margins and net profit margins.

The company has been in an industry where there is no much competition and a lot of scope to grow gig economy.

The management outlook of the company is good, as they have almost all the personnel in the top management with required work experience relating to the company operates in. The roles and responsibilities of the management has been delegated accordingly.

In conclusion, the company has shown a good growth in revenue, along with decent growth in EBIT margins and net profit margins, which can be sustained going forward, Since the company is focusing majorly on gig economy, India is in a place where gig economy started booming, we feel this company might perform very well in future one can **APPLY** for this IPO.

Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.