

Infollion Research Services Ltd.

Information Technology | Management Update

NOT RATED

CMP: Rs502 | Target Price (TP): NA | Upside: NA

June 11, 2025

Expansion in US a key priority with its own challenges

Key Points

- **About Infollion:** Infollion Research Services was incorporated in Sep-09 by promoter Gaurav Munjal. The company is a tech-oriented marketplace where it caters to on-demand contingent hiring & work arrangements with senior management talents, subject matter experts, C-suite executives, and seasoned professionals for a short time duration. The company positions itself as a marketplace in the premium section of the gig economy where the volumes are less, but margin is very high. Company has more than 100,000 experts empanelled globally. They have a predetermined hourly price that they pay to the experts whenever they are employed for any short-term contract. They add a take rate and bill the hours to the clients and the spread is what Infollion makes. The company does 800+ odd projects a month and is engaged with more than 200+ clients with a team of over 200 members. It is the largest Indian origin company in this space.
- **Outlook and growth drivers:** 1) It is using experts in technical courses for mid-to-senior employees and trying to create and market as many modules as it can. 2) Expansion in the USA is a key initiative and could give a huge growth boost if it can successfully capture even a small market share. It has set up a dedicated team in the US, which has 45 members currently, and believes that eventually the US market will be bigger than India. Currently, revenue from US is only in low-single digit.
- **Competitive landscape:** 1) Global peers, especially the large ones, have a global expert network and Infollion does not have enough capability to compete with them as it does not have a strong network of global experts. For Indian experts it is competing with global peers for both price and quality and there is no pricing pressure from global players. Infollion has gained major market share in India at the expense of global peers as they are too expensive for Indian markets. 2) When compared to local players Infollion is better in terms of technology and precision. It does not leave too much on the table in terms of pricing for other players to grab. It is superior and efficient in terms of execution.

Financial metrics: In FY25 it registered revenue of Rs773mn, EBITDA margin of ~19%, and PAT margin of ~16%. The last 3 years revenue, EBITDA, and PAT CAGR has been ~52%/51.6%/54%, respectively. It is a zero-debt company with ROE and ROCE of 27% and 23%, respectively, in FY25. It runs of an asset-light model and boasts a cash balance of Rs355mn. ~95% of the revenue comes from India as of now. ~75% of the experts are domestic with the rest being international. Two years back only ~2% were international experts. Contribution from the top 10 clients is more than 80% of the total revenue.

Industries: Currently the top 2 industries being serviced are Life Sciences and Healthcare and Technology. It is making proactive efforts to explore and deep dive as it is getting most of the projects in these two industries. While it caters to other industries, the contribution is negligible. It expects a good run rate from the financial services industry in FY26.

Valuation & Outlook: At the CMP, the company trades at ~40x FY25E adj. EPS of Rs12.8. It was listed on 8-Jun-23 at an IPO price of Rs82 per share and has provided strong investor returns over 2 years and currently trades at Rs502.

Company Data and Valuation Summary

Reuters	INFH.BO
Bloomberg	INFOLLIO IN
Mkt Cap (Rsbn/US\$bn)	4.9 / 57.0
52 Wk H / L (Rs)	575 / 200
ADTV-3M (mn) (Rs/US\$)	13.5 / 0.2
Stock performance (%) 1M/6M/1yr	8.9 / (3.4) / 141.2
Nifty 50 performance (%) 1M/6M/1yr	3.4 / 11.3 / 7.9

Shareholding	4QFY24	2QFY25	4QFY25
Promoters	51.7	51.7	51.7
DII's	3.4	5.9	7.5
FII's	0.0	1.0	1.1
Others	44.9	41.3	39.7
Pro pledge	0.0	0.0	0.0

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Key takeaways from the management call

- **Huksa L&D service line:** This learning and training program is beyond the experiment stage but does not have any projects right now. It will go deeper in this market and spend and explore more. As of now it is more of an intuitive market and there is a lot of unpredictability about how it will turn out. It has done a lot of experiments and the number of experiments have doubled due to initial market traction.
- **Expansion:** It has set up a subsidiary in the US and ~25% of billings are now from there. It will continue to do more sales and marketing as it is seeing good traction and will allow this market to grow organically. It will be a gradual growth and there is no timeline, but eventually, this market will become bigger than the Indian market. The Indian market is not saturated and there is room to grow, but overall the US market is way bigger, and even a small market share will be a considerable revenue addition for Infollion. The idea is to first set up a network of domain experts in the US and then set up a sales capability, which will not only cater to the US market, but also the US-India corridor. It has done a few projects for the US clients in the US and the response has been encouraging so far.
- **Inorganic growth:** It is looking actively at inorganic opportunities and also at any kind of peripheral market place to leverage HR relationship and cross-border opportunities using the existing business. It is not looking to acquire a company for servicing capabilities. The priority would be to acquire a company working in a specific niche in the US and then try to build it further.
- **Billing cycle:** This usually depends on the size and requirements of clients. For financial services clients it usually does a subscription model where it sells either a fixed number of hours or absolute amount, which can be used over a period of time and be recharged once it is over. With consulting clients it is more of a 'pay as you go' as these firms do not take on subscription on a central level. The businesses are very fragmented and hence the subscription model does not work well with them. Once the service is provided a confirmation from both the expert and client is taken and the money is paid to the expert and bill raised to the client. On average it takes 30 days for the payments.
- None of the experts are paid in advance and the main cost of the organization is only the employee cost who are bringing experts to the platform.
- Infollion is focusing on clients in India, who have office in the US, and is also reaching out to those who are investing in India via the B2B channel.
- A large market, which it is not able to service, is those clients who are looking for international experts. Indian clients who are looking at global markets and need external experts is a huge market and Infollion it is actively working to grow in this area.
- Infollion is trying to set up an aggregated research generation report by using various AI agents. It will be loaded with outside data, internal data, and experts' data, but there is nothing material in this area yet.
- Alpha Sights, which is seen as a competitor, is not very active in India and does not have a deep client set in India. It is also much higher priced as compared to Infollion.

Consolidated Income Statement

Y/E, Mar (Rs. mn)	FY21	FY22	FY23	FY24	FY25
Income	159.70	219.85	339.43	517.48	773.03
Growth (%)	NA	37.66%	54.39%	52.46%	49.38%
Expenditure	133.49	177.75	285.12	416.09	626.46
cost of sales	-	-	192.22	278.45	420.27
Employee Benefit Expense	37.72	55.05	76.35	114.04	172.35
Other Expenses	95.77	122.71	16.55	23.60	33.84
EBITDA	26.21	42.09	54.31	101.39	146.58
Growth (%)	NA	60.61%	29.03%	86.69%	44.56%
CAGR (%) - 3 Years	NA	NA	NA	56.98%	51.57%
EBITDA margin (%)	16.41%	19.15%	16.00%	19.59%	18.96%
Other Income	0.95	2.17	3.49	15.65	22.08
Depreciation	0.07	0.05	0.11	0.04	0.17
Interest	0.23	0.14	0.46	1.34	3.87
PBT	26.86	44.07	57.23	115.66	164.63
Tax	6.09	10.01	14.67	29.98	40.21
Effective tax rate (%)	22.68%	22.70%	25.63%	25.92%	24.43%
PAT	20.77	34.07	42.57	85.68	124.42
PAT margin (%)	13.00%	15.50%	12.54%	16.56%	16.09%
EPS	2.78	4.56	4.58	8.83	12.83

Consolidated Balance Sheet

Y/E, Mar (Rs. mn)	FY21	FY22	FY23	FY24	FY25
Share Capital	0.1	0.1	74.7	96.9	97.0
Reserves & Surplus	70.1	104.2	51.6	317.0	443.6
Networth/Shareholders Fund/ Book Value	70.2	104.3	126.2	413.9	540.5
NON-CURRENT ASSETS	0.8	1.1	0.0	9.0	23.9
Property, plant & equipment	0.1	0.2	0.0	0.2	0.2
Intangible Assets Under Developments	-	-	-	8.7	23.7
Deferred Tax Asset	0.7	0.9	-	-	-
CURRENT ASSETS, LOANS & ADVANCES	84.0	117.0	160.3	458.9	588.9
Financial assets					
(ii) Trade Receivable	37.8	55.0	59.4	110.2	175.8
(iii) Cash and cash equivalents	34.3	40.2	62.7	312.1	354.7
Other Current Assets	11.9	21.8	38.2	36.6	58.4
CURRENT LIABILITIES & PROVISIONS	12.2	9.7	32.4	50.6	64.6
Trade Payables	5.8	2.7	7.3	7.2	2.7
Other Current liabilities	6.4	6.3	10.9	15.1	20.9
Short term Provisions	0.1	0.7	14.2	28.2	41.0
NET CURRENT ASSETS	71.8	107.3	127.9	408.3	524.4
NON CURRENT LIABILITIES	2.4	4.1	1.7	3.4	7.7
Deferred Tax Liability	-		0.2	1.3	0.9
Long term Provisions	2.4	4.1	1.5	2.1	6.8
TOTAL ASSETS	84.9	118.1	160.3	467.9	612.8
TOTAL LIABILITIES	84.9	118.1	160.3	467.9	612.8

Cash Flow Statement					
Y/E, Mar (Rs. mn)	FY21	FY22	FY23	FY24	FY25
Cash and Cash Equivalents at Beginning of the year	14.901	34.305	39.39	62.74	312.10
Cash Flow From Operating Activities	18.779	5.17	26.69	91.60	56.23
Cash Flow from Investing Activities	0.625	0.722	-3.34	-10.57	-15.08
Cash Flow From Financing Activities	0	0.00	0.00	168.33	1.46
Net Inc./ (Dec.) in Cash and Cash Equivalent	19.40	5.89	23.35	249.36	42.62
Cash and Cash Equivalents at End of the year	34.31	40.20	62.74	312.10	354.71
	FY21	FY22	FY23	FY24	FY25
Operating Cash Flow	18.78	5.17	26.69	91.60	56.23
Capital Expenditure	0.08	0.14	0.00	8.97	15.08
FCF	18.70	5.03	26.69	82.63	41.16

Key ratios					
Y/E, Mar	FY21	FY22	FY23	FY24	FY25
EPS (Rs)	2.78	4.56	4.58	8.83	12.83
P/E (x)	NA	NA	NA	21.7	35.9
P/BV (x)	NA	NA	NA	4.5	8.3
EV/EBIDTA (x)	NA	NA	NA	15.2	28.0
RoE (%)	29.56%	32.66%	33.72%	20.70%	23.02%
RoCE (%)	35.98%	38.77%	42.37%	24.29%	26.71%
Net D/E (x)	-0.49	-0.39	-0.50	-0.75	-0.66
Debtor Days	86	77	62	60	68
Creditor Days	16	9	6	6	3
Cash Conversion cycle	71	68	55	53	65
Working Capital Days	164	149	126	189	220

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