

Fractal Analytics Ltd.

Nifty: 25,694 | Sensex: 83,580

IPO Note | 09th February 2026
Price Range: ₹857 - ₹900
Sector: Data Analytics & AI

India's first pure-play enterprise AI company...

Fractal Analytics Ltd (Fractal), established in 2000 and headquartered in Mumbai, is recognized as India's first dedicated enterprise AI and advanced analytics company with a strong global footprint across the US, Europe, and Asia. The company works with leading Fortune 500 clients including Microsoft, Apple, and Amazon. Its operations are divided into two key segments: Fractal.ai, which provides services and products through its platform Cogentiq, and Fractal Alpha, which brings together a portfolio of AI-driven businesses to address diverse client requirements across industries and functions.

- ◆ The global DAAI (Data Analytics & AI) market is projected to grow from US\$143 billion in 2025 to US\$310 billion by 2030 at a 16.7% CAGR, driven by Gen AI adoption across BFSI, healthcare, retail, CPG, and TMT sectors.
- ◆ The company maintains a diversified base of marquee clients, serving 113 Must Win Clients** in FY25, and has sustained relationships with its top 10 revenue-contributing clients for over eight years, underscoring stability and deep engagement across key industries.
- ◆ Fractal delivered steady topline growth, with revenue rising from ₹1,985cr in FY23 to ₹2,765cr in FY25 at an 18% CAGR, driven by strong demand for enterprise AI solutions and deeper engagement with global Fortune 500 clients.
- ◆ EBITDA margin improved to 12.7% in FY25 from 3.3% in FY24, reflecting better cost control and operating leverage.
- ◆ After incurring a PAT loss in FY24, the company achieved a strong turnaround in FY25 with a net profit of ₹220.6cr, reflecting resilience and improved operating leverage.
- ◆ The total debt stood at ₹423cr in H1FY26 (D/E at 0.2x), and upon utilisation of net proceeds from the IPO for debt repayment (~₹265cr), the debt-to-equity ratio will trim down to 0.1x.
- ◆ At the upper price band of ₹900, Fractal is valued at a P/E of 70x for FY25 and a P/E of 109x(annualised) for FY26E, reflecting an expensive valuation. However, Fractal Analytics offers a compelling investment opportunity in India's enterprise AI ecosystem, supported by a strong global client base, improving profitability, and exposure to a rapidly growing sector. Hence, we recommend a 'Subscribe' rating for high-risk investors with a long-term investment horizon.

Purpose of IPO

The IPO consists of a fresh issue of ₹1,024cr and an OFS (offer for sale) of ₹1,810cr, totalling ₹2,834cr. The net proceeds from IPO will be utilised for debt repayment, purchase of laptops, setting up of new-office premises in India, R&D, funding for inorganic growth, acquisitions and general corporate purposes. The selling share holders are Quinag Bidco Ltd ,TPG Fett Holdings Pte Ltd ,GLM Family Trust and Satya Kumari Remala & Rao Venkateswara Remala.

Key Risks

- High customer concentration poses a risk, as ~54% of Fractal.ai's revenue in H1FY26 depends on its top 10 clients, making the business vulnerable to any loss or reduction in these key relationships.
- Over 65% of revenue in H1FY26 comes from the USA, exposing the business to geographical concentration risk.

** : Must Win Clients are enterprises that meet one of three internal criteria with (i) over US\$10 billion in annual revenue, (ii) over US\$20 billion in market capitalization, (iii) or more than 30 million end customers.

Issue Details	
Date of opening	February 09, 2026
Date of closing	February 11, 2026
Total No. of shares offered (cr.)	3.15
Post Issue No. of shares (cr)	17.2
Face Value	₹1
Bid Lot	16 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,400
Maximum application for retail (upper price band for 13 lot)	₹ 1,87,200
Listing	BSE,NSE
Lead Managers	Kotak Mahindra Capital Co Ltd, Morgan Stanley India Co Ltd, Axis Capital Ltd and Goldman Sachs (I) securities pvt ltd.
Registrar	MUFG Intime India Pvt Ltd.

Issue size (upper price)	Rs.cr
Fresh Issue	1,023.5
OFS	1,810.4
Total Issue	2,833.9

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	18.2	17.0
Public & others	81.8	83.0
Total	100.0	100.0

Issue structure	Allocation (%)	Size Rs.cr
QIB	75	2,080.4
Non-Institutional	15	416.1
Retail	10	277.4
Employee Reservation	-	60.0
Total	100	2,833.9

Y.E March (Rs cr)	Consol.	FY24	FY25	H1FY26
Sales		2,196.3	2,765.4	1,559.0
Growth YoY(%)		11%	26%	20%
EBITDA		73.4	349.9	199.6
Margin(%)		3.3	12.7	12.8
Reported PAT		-54.7	220.6	70.9
Growth (%)		NM	NM	-3%
PAT Adj.		-32.9	223.3	120.2
Growth (%)		NM	NM	24%
EPS		-3.2	12.8	8.25*
Adj.EPS		-1.9	13.0	14.0*
P/E (x)		-282.9	70.1	109.1*
P/E (adj)		-470.3	69.3	64.4*
EV/EBITDA (x)		214.6	44.6	79.1
P/Bv(x)		10.9	8.8	7.8

Note: Please note H1FY26 numbers growth is compared with H1FY25 financial numbers.

NM: Not Meaningful.

* Annualised

Business Description:

Fractal operates through two key segments:

- **Fractal.ai:** Focused on AI services and products, primarily delivered via *Cogentiq*, the flagship agentic AI platform. Cogentiq enables enterprises to accelerate product development and upgrades with a suite of pre-built agents, tools, and connectors, supported by low-code capabilities, security, governance, auditability, and interoperability.
- **Fractal Alpha:** Comprising independent AI businesses that extend Fractal.ai's core offerings into broader markets and new geographies, each managed separately to drive focused growth.

Key strengths

◆ Leading Player in a large and growing AI market .

Fractal Analytics Ltd is India's leading pure-play enterprise data, analytics, and AI company with global recognition and capabilities across the DAAI value chain. The Everest Report identifies the DAAI market as its total addressable market, valued at US\$143 billion (₹12 trillion) in Fiscal 2025 and projected to grow at a 16.7% CAGR to US\$310 billion (₹23 trillion) by Fiscal 2030. Fractal recorded revenue growth at a CAGR of 18.0% from Fiscals 2023 to 2025, outpacing the global third-party DAAI market's 11.0% CAGR, underscoring its ability to gain market share. While incorporated in India, 91.6% of Fiscal 2025 revenue came from clients outside India, reflecting its global reach. The company has earned recognition through 273 industry awards, including being named a "Leader" in Everest Group's Data and AI Services Specialists PEAK Matrix® Assessment (2025, 2021, 2022, 2024) and in five Forrester Waves™ for Customer Analytics Service Providers (2025, 2023, 2021, 2019, 2017). Long-standing and growing relationships with marquee, global clients contributing to a diversified revenue base.

◆ Long-standing and growing relationships with marquee, global clients contributing to a diversified revenue base.

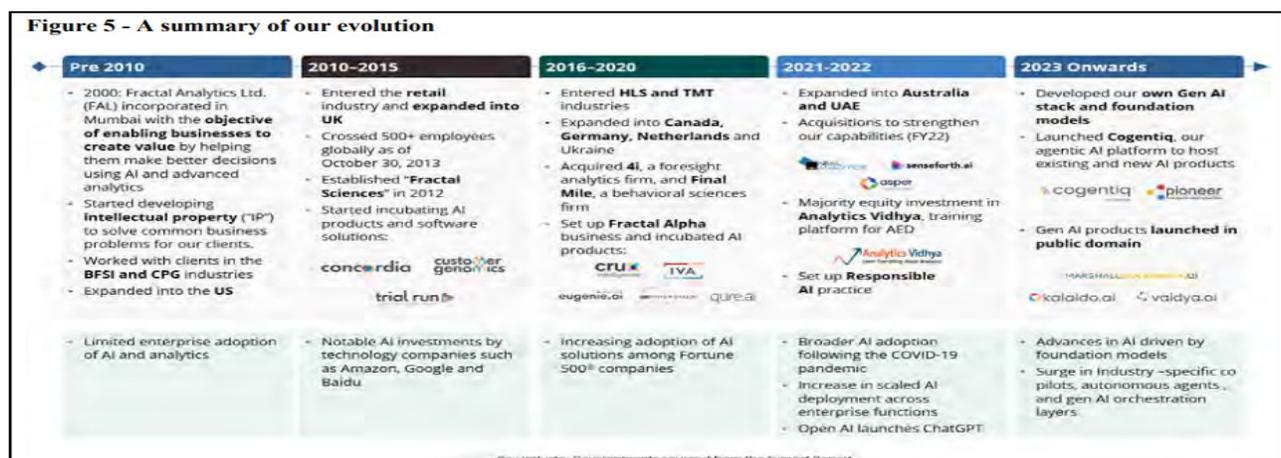
The company works with marquee clients across the focus industries of CPGR, TMT, HLS and BFSI. The clients include Citi, Costco, Franklin Templeton, Mars, Mondelez, Nationwide, Nestle, Philips, among others. The revenue base is diversified both across and within the focus industries. As of March 31, 2025, Fractal worked with 10 of the 20 largest CPG companies, eight of the 20 largest TMT companies, three of the 20 largest BFSI companies, 10 of the 20 largest HLS companies and five of the 20 largest retail companies, based on FY25 revenue (source: Everest Report). The revenues from the focus industries grew at a CAGR of 16.8% from FY23 to FY25. Increased Gen AI adoption is likely to drive the CAGRs for BFSI (16.7%), HLS (18.2%), retail and distribution (15.2%), CPG (15.0%) and TMT (15.7%) over FY25 to FY30 (source: Everest Report). The presence in these industries positions us to capitalize on this potential.

◆ Deep and integrated technical, domain and functional expertise

Fractal Analytics Ltd designs and delivers end-to-end AI solutions built on over 25 years of expertise across technology, industries, and business functions. Its strengths span Gen AI, machine vision, cloud and data engineering, and behavioural science, with recognition in Everest Group's PEAK Matrix® Assessment 2025. The company contributes to the DAAI industry through research, publishing at NeurIPS 2024 and ICLR 2025, and collaborating with leading institutes on advanced computing. With deep domain knowledge in industries like CPG and TMT, Fractal has developed products such as Trial Run, Cogentiq Digital Commerce, and personalization engines like Cogentiq Sales Assist. Its growth is driven by building responsible AI solutions tailored to enterprise contexts, supported by partnerships with Google Cloud, OpenAI, C3 AI, and Nielsen IQ.

Key strategies:

- ◆ Acquire and grow "must win clients", or "MWCs".
- ◆ Expand capabilities by investing in AI research and product innovation .
- ◆ Continue to build a great place to work.
- ◆ Partner with leading technology companies.
- ◆ Accelerate capabilities through acquisitions .



Industry Outlook

The overall data, analytics and AI (DAAI) market, valued at an estimated US\$143 billion (₹12 trillion) in FY25 is expected to grow at 16.7% CAGR to US\$310 billion (₹23 trillion) by FY30. Banking, financial services, and insurance (BFSI), healthcare and life sciences (HLS), retail and distribution, consumer packaged goods (CPG) and technology, media and telecommunications (TMT) were estimated to account for 80% of the global DAAI services market in FY25. Increased Gen AI adoption is likely to drive CAGRs for BFSI (16.7%), HLS (18.2%), retail and distribution (15.2%), CPG (15.0%) and TMT (15.7%) over FY25-30. (Source: Everest Report)

Promoter and promoter group

Srikanth Velamakanni, Pranay Agrawal, Chetana Kumar, Narendra Kumar Agrawal and Rupa Krishnan Agrawal are the Promoters of the company.

Brief Biographies of directors

- **Rohan Haldea**, Chairman and Non-Executive Director of the company, serves as Apax's nominee on the Board. A graduate of IIT Delhi with a B.Tech in Manufacturing Science and Engineering and an MBA from Harvard University, he brings over 17 years of investment sector experience. He has been with Apax Partners LLP since 2007 and is currently a Partner.
- **Srikanth Velamakanni**, Whole-time Director of the company, Group CEO, and Executive Vice-Chairman, is a co-founder with over 25 years of technology experience. An IIT Delhi and IIM Ahmedabad alumnus, he has received multiple awards including IIT Delhi's Distinguished Alumni Award (2025) and serves as Vice Chairperson of Nasscom and trustee at Plaksha University.
- **Pranay Agrawal**, Non-Executive Director of the company and CEO of Fractal USA, is a co-founder with over 25 years of technology experience. An alumnus of Bangalore University and IIM Ahmedabad, he focuses on client partnerships, revenue growth, and scalability, and was recognized with IIM Ahmedabad's Young Alumni Achievers Award in 2019.
- **Sasha Gulu Mirchandani**, Non-Executive Director of the company and nominee of OLMO Capital, holds a B.Sc. in Business Administration from Strayer University and is enrolled in the YPO President's Program at Harvard Business School. With around 17 years of investment experience, he founded Kae Capital in 2008 and serves as its Managing Partner, and was inducted into TiE Mumbai's Hall of Fame in 2019 as an Outstanding Angel Investor.
- **Gavin Patterson**, Non-Executive Director of the company and nominee of Apax and TPG, is a Cambridge graduate with extensive leadership experience, including senior roles at Salesforce UK and BT Group, and current chair positions at Elixir International and Alzheimer's Research UK.
- **Vivek Mohan**, Non-Executive Director of the company and TPG nominee, holds an engineering degree from BITS Pilani and a PGDM from IIM Calcutta. With over 13 years of investment experience, he has been with TPG Capital-India since 2019 and is currently a Business Unit Partner.
- **Karen Ann Terrell**, Independent Director of the company, holds engineering degrees from General Motors Institute and Purdue University. A recipient of the Fisher-Hopper Prize for CIO Leadership (2016), she has served as CIO at Walmart and Baxter International, and as Chief Digital & Technology Officer at GSK.
- **Neelam Dhawan**, Independent Director of the company, is an economics graduate and MBA from Delhi University with over 29 years in the technology sector. Recognized by Fortune India and Forbes as one of the 'Most Powerful Women in Business,' she has held leadership roles at HP, Microsoft India, and served on the supervisory board of Royal Philips.
- **Janaki Akella**, Independent Director of the company, holds a Ph.D. in Electrical and Computer Engineering from Carnegie Mellon University and has over 23 years of technology experience. She previously served as a Partner at McKinsey & Company and was associated with Google.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	FY25	H1FY26
Sales	1,985.4	2,196.3	2,765.4	1,559.0
% change	-	10.6	25.9	19.9
EBITDA	-116.4	73.4	349.9	199.6
% change	-	NM	376.7	49.5
Depreciation	78.1	83.2	102.3	63.5
EBIT	-194.5	-9.8	247.6	136.1
Interest	45.3	44.5	57.7	23.3
Other Income	58.3	45.6	50.8	35.3
Exceptional items	523.9	-5.5	27.0	-4.8
PBT	342.4	-14.2	267.7	143.3
% change	-	NM	NM	100
Tax	119.0	24.2	17.4	27.9
Tax Rate (%)	35	-170	6	19
Reported PAT	194.4	-54.7	220.6	70.9
% change	-	NM	NM	-3%
EPS	11.3	-3.2	12.8	8.25*
Adj	494.9	-21.8	-2.7	-49.3
Adj. PAT	-300.5	-32.9	223.3	120.2
% change	NM	NM	NM	23.5
Post issue No. of shares (cr)	17.2	17.2	17.2	17.2
Adj EPS (Rs)	-17.5	-1.9	13.0	14.0*
% change	NM	NM	NM	23.5

CASH FLOW

Y.E March (Rs cr)	FY23	FY24	FY25	H1FY26
PBT Adj.	342.4	-14.2	267.7	143.3
<i>Non-operating & non cash adj.</i>	-218.9	217.0	205.1	139.2
Changes in W.C	-103.9	5.3	9.6	-229.2
C.F. Operating	-1.6	175.8	426.7	23.1
Capital expenditure	-33.9	-24.5	-82.8	-124.2
Change in investment	-660.6	-814.7	-749.0	-597.6
Sale of investment	793.9	687.1	648.2	518.8
Other invest.CF	25.5	2.0	2.6	1.0
C.F - investing	124.9	-150.1	-181.0	-202.0
Issue of equity	16.5	10.0	50.1	101.1
Issue/repay debt	-2.5	-83.6	-4.0	-3.4
Dividends paid	0.0	0.0	0.0	0.0
Other finance.CF	-71.4	-71.4	-68.5	-38.4
C.F - Financing	-57.4	-145.0	-22.4	59.3
Change. in cash	65.9	-119.3	223.3	-119.6
Opening Cash	183.2	213.2	81.2	264.9
Closing cash	242.2	97.5	294.6	154.8

Note:

- ◆ Please note H1FY26 numbers growth is compared with H1FY25 financial numbers.
- ◆ *Annualised
- ◆ ** post issue D/E

BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	FY25	H1FY26
Cash	220.3	87.8	288.3	110.5
Accounts Receivable	500.9	533.3	584.8	620.0
Inventories	0.0	0.0	0.0	0.0
Other Cur. Assets	141.9	173.8	190.1	283.8
Investments	739.7	879.3	993.6	1060.3
Deff. Tax Assets	39.9	47.9	56.1	62.1
Net Fixed Assets	88.0	139.3	191.8	206.0
CWIP	0.0	0.0	0.0	0.0
Intangible Assets	471.1	492.8	508.9	563.1
Other Assets	46.9	37.8	44.0	59.6
Total Assets	2,248.7	2,392.0	2,857.6	2,965.4
Current Liabilities	183.1	197.4	232.9	221.7
Provisions	36.8	64.5	70.2	69.0
Debt Funds	377.2	363.2	429.0	423.0
Other Fin. Liabilities	186.6	245.4	291.3	203.4
Deferred Tax liability	101.6	101.6	68.8	68.8
Equity Capital	3.1	3.1	3.1	14.2
Reserves & Surplus	1340.0	1402.6	1750.1	1958.4
Shareholder's Fund	1363.4	1419.9	1765.4	1979.5
Total Liabilities	2,248.7	2,392.0	2,857.6	2,965.4
BVPS (Rs)	79.3	82.6	102.7	115.1

RATIOS

Y.E March	FY23	FY24	FY25	H1FY26
Profitab. & Return				
EBITDA margin (%)	-5.9	3.3	12.7	12.8
EBIT margin (%)	-9.8	-0.4	9.0	8.7
Net profit mgn.(%)	-15.1	-1.5	8.1	7.7
ROE (%)	-22.0	-2.4	14.0	6.8
ROCE (%)	-31.1	5.0	13.9	6.4
W.C & Liquidity				
Receivables (days)	92.1	85.9	73.8	35.1
Inventory (days)	-	-	-	-
Payables (days)	10.5	8.5	8.2	4.8
Current ratio (x)	7.3	6.4	6.8	7.1
Quick ratio (x)	3.9	3.1	3.7	3.3
Turnover & Levq.				
Net asset T.O (x)	22.6	19.3	16.7	7.6
Total asset T.O (x)	0.9	0.9	1.1	0.6
Int. covge. ratio (x)	-4.3	-0.2	4.3	5.8
Adj. debt/equity (x)	0.3	0.3	0.2	0.1**
Valuation ratios				
EV/Sales (x)	7.9	7.2	5.6	10.1
EV/EBITDA (x)	-134.3	214.6	44.6	79.1
P/E	79.6	-282.9	70.1	109.1*
P/E (x) (based on Adj PAT)	-51.5	-470.3	69.3	64.4*
P/BV (x)	11.3	10.9	8.8	7.8

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