

FRACTAL ANALYTICS LIMITED

Nifty	25,867.30
Sensex	84,065.75

ISSUE DETAILS

Issue opens	9 th Feb 2026
Issue closes	11 th Feb 2026
Issue size	Up to ₹2,833.9crs
Fresh Issue	1023.5crs
Offer for sale	1810.4
Total issue size	3,14,87,778 shares @ UB
QIB (Institutional) Share	Not more than 75% of the Net Offer
Non-Institutional Share	Not less than 15% of the Net Offer
Retail Share	Not less than 10% of the Net Offer
Price band (₹/share)	857 – 900
Face value	₹ 1 per share
Bid lot	16 Shares and in multiples
Post Issue Implied Market Cap	₹14,790crs - ₹15,480crs

Listing: BSE & NSE

Shareholding	Pre-Offer (%)	Post-Offer (%)
Promoter & Promoter Group	18.19	16.99
Public	81.81	83.01
Total	100	100

Objects of the Issue

Objects	Amount (₹ crs)
Investment in Fractal USA for loan pre-payment/repayment	264.9
Purchase of laptops	57.1
Setting-up new office premises in India	121.1
Investment in R&D and Sales & Marketing under Fractal Alpha	355.1
Funding inorganic growth (acquisitions/strategic initiatives)	[●]
General corporate purposes	[●]
Total Net Proceeds	[●]

Business Overview

Fractal Analytics is a globally recognised enterprise artificial intelligence company that helps large corporations enhance decision-making through data-driven, AI-powered solutions. Founded in 2000, the company has evolved into a diversified AI group operating across two primary segments: **Fractal.ai** and **Fractal Alpha**.

Fractal.ai, the larger segment, comprises the firm's AI services and platform-led products. These solutions are built on **Cogentiq**, Fractal's agentic AI platform that orchestrates a suite of interoperable AI agents, tools, and connectors designed to accelerate enterprise digital transformation. Through Fractal.ai, the company partners with global clients to deploy advanced analytics, machine learning models, decisioning workflows, and specialised GenAI applications across domains such as customer engagement, supply chain, risk, marketing optimisation, and operational intelligence. Fractal.ai accounts for most of the revenue and serves more than a hundred large enterprises, including 122 "Must-Win Clients", reflecting the stickiness and depth of its enterprise relationships.

Fractal Alpha represents the company's portfolio of independent AI businesses – either incubated internally or acquired – which offer subscription-based or licensable products. This includes specialised GenAI solutions such as Vaidya.ai, Fathom-R1-14B, and Kalaido.ai, alongside vertical-specific platforms in health diagnostics, conversational AI, behavioural science, and synthetic data. These ventures are core to Fractal's strategy of building scalable, IP-rich AI product lines that complement its services engine.

The company operates across multiple geographies, with over 92% of its revenue coming from outside India and more than 65% from the United States. It derives its revenues from key industries such as consumer-packaged goods and retail, TMT, healthcare and life sciences, and BFSI. Its business model is anchored in deep client engagement, high Net Revenue Retention of 121.3%, and a strong innovation culture evidenced by 28 patents granted and 38 applications pending.

Brief profile of directors, senior management

Name	Designation	Background / Key Experience
Rohan Haldea	Chairman & Non-Executive Director	Senior private-equity professional; serves on boards of Thoughtworks Holding Inc. and Infogain Corporation; based in London.
Srikanth Velamakanni	Whole-time Director, Group CEO & Executive Vice-Chairman	Co-founder; 25+ years in analytics & AI; also on boards of Metro Brands, NIIT, IdeaForge, and others; key promoter.
Pranay Agrawal	Non-Executive Director	Co-founder; CEO of Fractal USA; deep enterprise analytics expertise; director in multiple Fractal subsidiaries.
Sasha Gulu Mirchandani	Non-Executive Director	Experienced VC & tech investor; associated with OLMO Capital; brings governance & investment insights.
Gavin Echlin Patterson	Non-Executive Director	Global tech/consulting leader; partner at Tario Partners LLP; involved with Apax & TPG portfolio companies.
Vivek Mohan	Non-Executive Director	Investment and technology operator; board roles include Altimetrik HoldCo; brings scaling & strategy expertise.
Neelam Dhawan	Independent Director	Veteran tech leader; ex-HP, Microsoft & Philips; also on Tech Mahindra board; strong enterprise IT governance credentials.
Karen Ann Terrell	Independent Director	Global technology & digital transformation leader; experience across Walmart, GSK & Baxter; also on UiPath board.
Janaki Akella	Independent Director	AI & digital transformation expert; ex-McKinsey and Google; based in Palo Alto; strong AI governance capabilities.

Industry Overview

The global **Data, Analytics & AI (DAAI)** industry is undergoing rapid expansion, driven by widespread enterprise adoption of cloud, artificial intelligence, and data-driven decisioning. The total addressable market (TAM) is estimated at **US\$143 billion in FY2025** and is projected to reach **US\$310 billion by FY2030**, reflecting a strong **16.7% CAGR**. Growth is further accelerated by **Generative AI**, with GenAI-led services alone expected to expand at **53% CAGR** from FY2025 to FY2030.

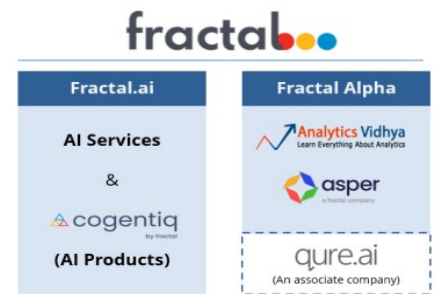
The industry is anchored by large enterprise buyers – companies with revenues exceeding US\$5 billion – which constitute **over 70%** of demand. Key verticals include **BFSI, Healthcare & Life Sciences, Retail, Consumer Packaged Goods, and TMT**, collectively representing **80%** of the market. Sector growth rates remain robust, with Healthcare & Life Sciences and BFSI projected to grow at **18.2%** and **16.7%** CAGR respectively during FY2025–30

Geographically, **North America and Europe account for 80%** of global DAAI spending. Emerging markets such as MEA and ANZ are also expanding rapidly at **30.3%** and **27.3%** CAGR respectively. Industry dynamics are shaped by the rise of **agentic AI, foundation models, AI orchestration**, the shift toward cloud marketplaces, and a growing regulatory emphasis on **responsible AI, data privacy, and sovereignty** (GDPR, EU AI Act, CPRA, DPDP Act).

Despite strong growth, enterprises face challenges including **data privacy/security concerns**, legacy tech infrastructure, talent shortages in ML/GenAI, and achieving ROI on AI initiatives. Overall, the DAAI market remains one of the fastest-growing global technology sectors, with long-term structural tailwinds.

Products

- **Kalaido.ai:** diffusion-based text-to-image model
- **Vaidya.ai:** an ecosystem of medical multi-modal foundation models consisting of LLMs, VLMs, and medical reasoning systems
- **Fathom-R1-14B:** a large AI reasoning foundation model that is an open-source application along with its datasets.
- **Pioneer:** a multi-agentic AI system to streamline and enhance the Software Development Lifecycle (SDLC), and for autonomous data science problem solving
- **Cogentiq:** an AI platform with a pre-built suite of agents, tools, and connectors with in-built low-code, security, governance, auditability, and interoperability features.



Source: RHP

Segmental Revenue Split (with % contribution)

Period	Fractal.ai – Revenue	Fractal.ai – %	Fractal Alpha – Revenue	Fractal Alpha – %	Segment Total
H1 FY26 (Sep 2025)	1,518	97.1%	45	2.9%	1,564
H1 FY25 (Sep 2024)	1,274	97.9%	28	2.1%	1,302
FY25	2,703	97.7%	64	2.3%	2,768
FY24	2,161	98.3%	37	1.7%	2,198
FY23	1,969	99.0%	19	1.0%	1,988

Source: RHP

Revenue Mix - Geography (Fractal.ai segment)

FY2025 (Year ended Mar 31, 2025)

Total revenue from operations: ₹2,765 crs

Geography	₹ crs	% of total
USA	1,802	65.2
Other Americas	33	1.2
Europe	484	17.5
India	232	8.4
Other APAC	214	7.7
Total	2,765	100.0

Source: RHP

H1FY2026 (Six months ended Sep 30, 2025)

Total revenue from operations: ₹1,559 crs

Geography	₹ crs	% of total
USA	1,013	65.0
Other Americas	12	0.8
Europe	327	21.0
India	118	7.6
Other APAC	89	5.7
Total	1,559	100.0

Revenue Mix by Industry (Fractal.ai segment)

Fractal.ai segment revenue for FY25: ₹2,704 crs

Industry	% of Revenue	₹ crs
CPGR (Consumer Packaged Goods & Retail)	39.3	1064
TMT (Technology, Media & Telecom)	29.9	808
HLS (Healthcare & Life Sciences)	13.8	373
BFSI (Banking, Financial Services & Insurance)	11.0	297
Others	6.0	162
Total	100.0	2704

Source: RHP

Fractal.ai segment revenue for H1FY26: ₹1,518 crs

Industry	% of Revenue	₹ crs (approx.)
CPGR	37.5	569
TMT	27.2	413
HLS	17.0	258
BFSI	12.2	185
Others	6.1	93
Total	100.0	1,518

Key Insight

- CPGR + TMT together contribute ~70% of the full-year revenue, indicating strong sectoral concentration.
- HLS & BFSI contribute a combined ~25%, providing diversification but still secondary to consumer & tech verticals.
- Mix remains stable YoY, with only a mild uplift in HLS in H1 FY26.

Client Concentration

Top-10 clients consistently contribute ~51–55%, indicating moderately high concentration.

Top-10 Client Contribution	
Period	% of Fractal.ai Revenue
H1 FY26 (Sep 2025)	54.2
H1 FY25 (Sep 2024)	55.2
FY25	53.8
FY24	54.6
FY23	51.1

Source: RHP

Top-20 clients contribute ~67–72%, showing a concentrated enterprise client base.

Top-20 Client Contribution	
Period	% of Fractal.ai Revenue
H1 FY26 (Sep 2025)	72.2
H1 FY25 (Sep 2024)	71.9
FY25	69.6
FY24	69.9
FY23	67.0

Competitive Landscape

Unlike conventional IT/ITeS players, Fractal Analytics operates in a rapidly evolving AI and generative technology landscape where shorter solution lifecycles weaken competitive moats. Thus, continuous, client-centric innovations and commercialization is required to retain brand-equity. The company competes with well-capitalized players with stronger brands, broader reach, and greater pricing power, as well as with new entrants who bring in niche offerings to the attractive and rapidly growing DAAI market, thereby intensifying competitive pressures. Enterprises are increasingly establishing in-house captive centres to improve cost efficiency, control and strategic alignment, thereby limiting the need for third-party service providers, who might have superior selective transformation solutions. Overall, AI adoption is still constrained owing to fragmented and low-quality datasets, privacy and security risks, and concerns around Gen-AI bias, hallucinations, and deepfakes. Shortages of specialized AI talent and the emergence of new generative AI roles are intensifying hiring challenges. This disproportionately favours larger, well-capitalized players with stronger brands, as smaller firms are often forced to offer higher compensation, increasing costs and eroding their competitiveness.

Players operating in the broad segment covered by Fractal's offerings can be categorized into the following:

- **Pure-play DAAI service providers:** These industry players primarily operate as services firms, delivering bespoke DAAI services and solutions. Most firms provide such DAAI services to a specific / limited set of domains and are not entirely compatible across the entire spectrum of specializations yet.
 - **Competitors:** Artefact, LatentView Analytics, Quantiphi, Quantum, Tiger Analytics, and Tredence
- **Product-focused companies:** These players derive a significant portion of their revenue from licensed AI software with services primarily tied to these offerings. They also invest a significant portion of their R&D towards evolving their AI suite and offerings. Fractal differentiates itself by claiming to be the only one with standalone DAAI services and by being the only one to develop four Gen-AI foundation models.
 - **Competitors:** C3.ai and Palantir
- **Diversified IT service providers:** These players offer a broader suite of services beyond DAAI, including IT, cloud, cybersecurity, and ERP services, among others. While IT service providers have invested in developing DAAI services capabilities and have invested in AI and Gen AI software, they remain a broad-based solution delivery provider with limited Gen AI foundation model development.
 - **Competitors:** Accenture, Coforge, Globant, Happiest Minds, and Persistent Systems

Fractal Analytics vs. Domestic, Listed IT Players

TTM (₹ crs)	Fractal Analytics	LatentView Analytics	Persistent Systems	Happiest Minds	Coforge	LTI Mindtree	Tech Mahindra	TCS	Infosys	HCL-Tech	Wipro
Revenue	3,023	1,004	13,935	2,199	15,272	40,788	55,123	260,802	173,173	126,409	90,892
EBITDA	416	304	2,777	471	2,669	8,349	8,716	74,775	45,339	28,179	21,786
Margin (%)	14%	30%	20%	21%	17%	20%	16%	29%	26%	22%	24%
PAT	218	199	1,799	203	1,257	5,179	4,809	51,118	28,858	17,168	13,265
Margin (%)	7%	20%	13%	9%	8%	13%	9%	20%	17%	14%	15%
Net Worth	1,973	1,626	7,147	1,628	6,895	23,403	27,504	106,415	83,026	71,249	85,587
Debt	275	25	404	1,274	972	2,383	1,954	10,932	8,796	6,780	16,164
P/E	71	44	51	29	41	32	33	21	21	25	18
P/B	8	5	13	4	8	7	6	10	7	6	3
EV/EBITDA	38	28	33	13	20	20	18	14	13	15	11
Mkt Cap	15,480	8,835	92,315	5,895	51,912	164,895	158,709	1,064,297	611,080	432,477	241,964

Source: RHP

View/ Outlook

Fractal Analytics presents a strong growth profile as India's leading pure-play enterprise data, analytics, and AI company with global recognition and end-to-end capabilities across the DAAI value chain. A diversified base of marquee clients across resilient sectors such as CPG&R, TMT, HLS, and BFSI provides revenue visibility, supplemented by increasing domain opportunities, which offers a long runway for growth. Its AI, Engineering, and Design (AED) model enables tailored, domain-led solutions supported by the Cogentiq platform, which allows delivery of its multiple capabilities into a customized, integrated solution. Continuous R&D, through its Fractal Alpha incubation arm, maintains a steady pipeline of validated, market-ready solutions while minimizing execution risks from untested ideas.

Key risks stem from an increasingly crowded competitive landscape, where well-funded peers or new entrants may offer comparable or superior solutions at attractive price points, intensifying pricing pressure and limiting differentiation. Growth and profitability remain contingent on timely innovation and effective commercialization, while shortage of specialized AI talent and emerging generative AI roles could inflate costs and margin pressure. Although the company operates in an attractive, high-growth Gen-AI and Analytics segment, it also carries increased execution and competitive risk. At the upper price band of ₹900, the IPO is valued at ~71x TTM EPS, which largely prices in the pure-play AI premium, leaving limited room for upside. Accordingly, we maintain a **Neutral** stance on the IPO.

Business Strategies

- **Scale the dual-engine model (Fractal.ai + Fractal Alpha):** Grow both the enterprise AI services business and the independent AI product businesses to create diversified, recurring, and high-margin revenue streams.
- **Deepen wallet share with “Must-Win Clients” (MWCs):** Expand long-term enterprise relationships with global Fortune-scale clients through cross-selling AI services, products, and platform-led decision solutions.
- **Drive platform-led transformation via Cogentiq (agentic AI platform):** Push adoption of Fractal’s agentic AI platform to accelerate enterprise decision systems, reduce implementation friction, and differentiate from traditional analytics/IT firms.
- **Focus on high-value verticals (CPG/Retail, BFSI, HLS, TMT):** Strengthen domain specialization in the industries where AI spending is largest, maximizing relevance, deal size, and repeatability.
- **Invest aggressively in product innovation, R&D, and global expansion:** Use IPO proceeds to fund R&D, build next-generation AI solutions, expand sales and marketing, set up new offices, and broaden global delivery capabilities.
- **Accelerate inorganic growth through strategic acquisitions:** Acquire AI/analytics companies to add niche capabilities, expand geographic presence, and strengthen the Fractal Alpha product portfolio.

Key Strengths

- **Established Global Enterprise AI Leader:** Recognized for 25+ years of deep expertise in AI-driven decisioning for large global enterprises, backed by a strong brand presence in the DAAI market.
- **High-Quality, Sticky Fortune-Scale Client Base:** Around 79.6% of Fractal.ai revenue comes from “Must-Win Clients” – Fortune-scale companies with US\$10B+ revenue or US\$20B+ market cap – demonstrating trust, repeatability, and long-term relationships.
- **Differentiated Dual-Engine Growth Model:**
A powerful combination of:
 - **Fractal.ai:** AI services + enterprise transformation
 - **Fractal Alpha:** Subscription/licensable AI product businesses
 This hybrid structure drives diversified, scalable, and higher-margin growth.
- **Proprietary Agentic AI Platform – Cogentiq:** Cogentiq enables faster deployment of end-to-end AI decision systems through pre-built agents, reusable tools, and enterprise interoperability – providing defensible differentiation and platform-led scale.
- **Strong Alignment with High-Growth AI Verticals:** Fractal focuses on CPGR, BFSI, HLS, and TMT – Industries that constitute ~80% of the global AI market and are projected to see 15–18% CAGR through FY2030, strengthening long-term growth visibility.

Key Risks

- **High Client Concentration:** A significant share of revenue comes from a small number of major clients (top 10 contribute over half). Losing or downsizing any of these accounts could materially impact financial performance.
- **Heavy Dependence on U.S. Market:** ~65%+ of revenue is derived from the United States. Any U.S. economic slowdown, regulatory shifts, or geopolitical issues could adversely affect growth.
- **Industry Concentration Risk:** Fractal is heavily exposed to four sectors—CPG/Retail, BFSI, TMT, and HLS. A downturn or reduced AI spending in any of these industries would directly affect revenue.
- **Delivery & Execution Risk in Complex AI Projects:** AI implementations involve uncertainty. Delays, cost overruns, or failure to meet client expectations could lead to reputational damage, disputes, or loss of future business.
- **Cybersecurity & Data Protection Exposure:** As an AI company handling sensitive enterprise data, Fractal faces risks of data breaches, cyber-attacks, and compliance failures across stringent global regulations (GDPR, CPRA, etc.).

Financials

Particulars	(₹ crs)				
	H1FY26	H1FY25	FY25	FY24	FY23
Income					
Revenue from operations	1,559	1,301	2,765	2,196	1,985
Other income	35	22	51	46	58
Total Income	1,594	1,323	2,816	2,242	2,044
Expenses					
Employee benefits expense	1,125	972	2,005	1,737	1,609
Employee stock option expense	27	42	80	96	159
Finance costs	23	37	58	45	45
Depreciation & amortization	64	44	102	83	78
Other expenses	207	154	331	290	335
Total Expenses	1,446	1,248	2,576	2,251	2,225
Profit / (Loss) for the period / year	71	73	221	-55	194
Supplemental Margins & Metrics					
Gross Margin (%)	45.8%	44.2%	45.9%	44.5%	44.8%
EBITDA	186	131	398	97	437
EBITDA Margin (%)	11.9%	10.1%	14.4%	4.4%	22.0%
PAT Margin (%)	4.5%	5.6%	8.0%	-2.5%	9.8%
Earnings Per Share (in ₹)					
Basic EPS (₹)	4.55	4.92	14.49	-3.12	13.39
Diluted EPS (₹)	4.09	4.52	13.36	-3.12	12.42

Source: RHP

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Disclosure of Interest Statement: Fractal Analytics Limited as on 10th February 2026

Name of the Security	Fractal Analytics Limited
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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