



**SMC Ranking**

★ ★ ☆ ☆ ☆ (1.5/5)

**Issue Highlights**

| Industry                       | Information Technologies AI |
|--------------------------------|-----------------------------|
| Offer for sale (Shares)        | 20,115,555                  |
| Fresh Issue (Shares)           | 11,372,222                  |
| <b>Net Offer to the Public</b> | <b>31,487,777</b>           |
| Issue Size (Rs. Cr.)           | 2698-2834                   |
| Price Band (Rs.)               | 857-900                     |
| Offer Date                     | 9-Feb-26                    |
| Close Date                     | 11-Feb-26                   |
| Face Value                     | 1                           |
| Lot Size                       | 16                          |

**Issue Composition**

|                      | In shares  |
|----------------------|------------|
| Total Issue for Sale | 31,487,777 |
| QIB                  | 23,615,833 |
| NIB                  | 4,723,167  |
| Retail               | 3,148,778  |

**Shareholding Pattern (%)**

| Particulars                 | Pre-issue      | Post-issue     |
|-----------------------------|----------------|----------------|
| Promoters & promoters group | 18.18%         | 16.98%         |
| QIB                         | 81.82%         | 78.45%         |
| NIB                         | 0.00%          | 2.75%          |
| Retail                      | 0.00%          | 1.83%          |
| <b>Total</b>                | <b>100.00%</b> | <b>100.00%</b> |

\*calculated on the upper price band

**Objects of the Issue**

The Company proposes to utilise the Net Proceeds from the Issue towards the following objects:

- 1) Investment in one of our Subsidiaries, Fractal USA, for pre-payment and/ or scheduled repayment, in full or in part, of its borrowings
- 2) Purchase of laptops
- 3) Setting-up new office premises in India
- 4) Investment in (a) research and development; and (b) sales and marketing under Fractal Alpha
- 5) Funding inorganic growth through unidentified acquisitions and other strategic initiatives, and general corporate purposes

**Book Running Lead Manager**

- Kotak Mahindra Capital Company Limited
- Axis Capital Limited

**Name of the registrar**

- MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)

**About the company**

Fractal Analytics, founded in March 2000, is a global enterprise AI and advanced analytics company that enables leading organizations to make smarter, data-driven decisions. With more than two decades of experience, the company develops scalable AI solutions by combining strong technical capabilities with deep domain and functional expertise. As of September 30, 2025, Fractal operates through two primary segments. Fractal.ai delivers AI services and products via its agentic AI platform, Cogentiq, which streamlines solution development through integrated tools, governance frameworks, low-code functionality, and robust security. Fractal Alpha comprises independent AI ventures focused on high-growth markets, fostering innovation across industries and geographies. Together, these platforms offer a broad suite of AI capabilities across business functions and sectors. Fractal's competitive strengths include leadership in the rapidly expanding AI ecosystem, long-standing relationships with global enterprises, an integrated technology-and-domain approach, a culture centered on trust and transparency, a strong innovation track record, and founder-driven long-term vision. The company serves a diverse global client base, including Citibank, Costco, Franklin Templeton, Mars, Mondelez, Nationwide, Nestlé, Philips, and others.

**Strength**

**Leadership in the Rapidly Expanding AI Market:** Fractal is a leading participant in the global data, analytics, and AI (DAAI) market, which was valued at approximately US\$143 billion in FY25 and is projected to grow at a 16.7% CAGR to US\$310 billion by FY30. Positioned as a full-stack DAAI provider, the company offers consulting, technology services, software platforms, and AI products spanning GenAI, computer vision, and natural language processing. This comprehensive model aligns with enterprise demand for integrated, end-to-end AI partners. Although incorporated in India, Fractal derives the majority of its revenue internationally, with over 90% generated outside India in FY25 and H1 FY26. Its market leadership is reinforced by global recognitions, including being named a Leader by Everest Group in the Data and AI Services Specialists PEAK Matrix 2025 and multiple acknowledgements by Forrester in Customer Analytics Services.

**Long-Term Relationships with Global Enterprises and a Diversified Client Base:**

Fractal has built deep, long-standing partnerships with marquee global clients across CPGR, TMT, HLS, BFSI, and retail sectors. Its customer portfolio includes Citi, Costco, Franklin Templeton, Mars, Mondelez, Nationwide, Nestlé, and Philips. As of March 31, 2025, the company served a significant share of leading global enterprises across major industries, supporting revenue diversification and resilience. The strength of these relationships is reflected in high client tenure, with the top ten clients averaging over eight years of engagement and contributing more than half of total revenue. Additionally, a majority of revenues are generated from clients served for over five years. Strong account expansion is demonstrated by Fractal.ai's net revenue retention of over 120% in FY25, highlighting sustained growth within existing customers.

**Integrated Technical, Domain, and Functional Expertise:**

Fractal combines deep technical capabilities with extensive domain and functional knowledge to deliver enterprise-scale AI solutions. Its AI, engineering, and design (AED) competencies span GenAI, computer vision, algorithmic decision-making, cloud and data engineering, and human-centered design. The company's domain expertise is strengthened through long-

term industry partnerships, particularly in consumer goods, healthcare, financial services, and technology sectors. Functionally, Fractal supports critical business areas such as sales and marketing, supply chain, finance, and enterprise analytics through platforms and solutions including Cogentiq Sales Assist and Campaign Assist. This integrated approach, alongside strong governance, responsible AI practices, and partnerships with global technology leaders, enables scalable, secure, and high-impact AI adoption.

**Strong Track Record of Innovation and Investment:** Fractal has consistently invested in research, product development, and strategic acquisitions to enhance client value and technological leadership. As of January 2026, the company held 28 registered patents with 38 additional applications pending. Significant investments over FY22–FY25 have expanded capabilities in behavioral science, data engineering, cloud computing, and conversational AI, while accelerating the adoption of Generative AI across offerings. The company has also developed proprietary foundational and reasoning models, including Kalaido.ai and Vaidya.ai, and open-sourced advanced AI systems in 2025. Its selection under the Government of India’s IndiaAI Mission to develop the nation’s first large reasoning model further underscores its innovation leadership, supported by research contributions recognized at global forums such as NeurIPS and ICLR.

**Strong Culture of Trust, Transparency, and Talent Development:** Fractal fosters a people-centric culture built on trust, transparency, and autonomy, supporting a workforce of over 5,700 employees globally. The company follows a highly selective hiring process and maintains a competitive attrition rate, reflecting strong employee engagement. Talent development is driven through structured learning platforms such as the Fractal Analytics Academy, global partnerships with Coursera and Skillsoft, and its large analytics learning community via Analytics Vidhya. Fractal has received multiple industry awards for learning excellence and workplace culture and has consistently been certified as a Great Place to Work across several countries. High employee satisfaction scores and strong employer branding further strengthen its ability to attract and retain top talent.

**Experienced Founder-Led Management with a Long-Term Vision:** Fractal is led by its co-founders, Srikanth Velamakanni and Pranay Agrawal, who bring over 25 years of leadership and a long-term strategic focus on AI-driven transformation. The management team benefits from deep industry experience, long tenure, and strong continuity, supported by a diverse Board of Directors and seasoned advisors. This stable leadership structure enables consistent execution, innovation, and sustained strategic growth across global markets.

## Strategies

**Deepen and Expand “Must Win Client” Relationships:** Fractal’s growth strategy centers on acquiring and expanding high-value “Must Win Clients” through comprehensive AI-led decision transformation. The company continues to strengthen existing strategic accounts while expanding sales and account management capabilities across key global regions. By supporting clients across the full AI lifecycle—from strategy to deployment—Fractal aims to embed deeply within enterprise data ecosystems. A strong focus on GenAI adoption, integrated client teams, and continuous value delivery underpins high client satisfaction and long-term account growth.

**Advance AI Capabilities Through Research and Product Innovation:** Fractal is investing aggressively in AI research and product development, particularly in GenAI, agentic systems, and advanced reasoning models. Its long-term vision includes progress toward autonomous AI systems through foundational models and multi-agent platforms. The company is enhancing Cogentiq as an enterprise-ready AI platform while launching new AI products and independent Fractal Alpha ventures to address high-growth markets. Collaborations with academic institutions and open-source initiatives further support continuous innovation and leadership in emerging AI technologies.

**Build a Scalable, High-Performance Workplace:** Fractal continues to strengthen its workplace culture by focusing on talent attraction, continuous learning, and leadership development. Scalable recruitment processes, internal training academies, and peer learning communities ensure a future-

ready workforce. The company also leverages AI-driven tools for hiring, employee engagement, and productivity, including virtual assistants and AI coding agents, to enhance operational efficiency and support sustainable organizational growth.

**Strengthen Ecosystem Partnerships:** Fractal is expanding its strategic partnerships with leading hyperscalers, AI labs, platform providers, and data companies to accelerate innovation and market reach. These collaborations enable joint go-to-market initiatives, faster deal execution, and access to advanced technologies and funding programs. Close integration with partner ecosystems allows Fractal to deliver comprehensive AI solutions while staying aligned with evolving enterprise technology roadmaps.

**Drive Growth Through Disciplined Acquisitions:** Fractal pursues a focused acquisition strategy aimed at strengthening technical capabilities, expanding geographic presence, and adding complementary domain expertise. Its structured M&A framework emphasizes strong strategic fit, IP integration, and talent retention. Recent acquisitions across demand forecasting, conversational AI, data engineering, and talent development platforms illustrate its ability to convert acquired capabilities into scalable client solutions. Going forward, Fractal plans to continue selective acquisitions and strategic investments to support long-term growth and innovation.

### Risk Factor

- Fractal's business depends on the quality and successful implementation of its AI solutions.
- Past instances of negative cash flows from operating activities have been noted.
- A substantial portion of revenue is generated from a few top clients. In FY25, the top 10 clients contributed 53.8% of revenue, with 53.80% coming from the top ten and nearly 10% from a single client.
- A significant portion of revenue is derived from the United States (approx. 65.2% to 69.21% in FY25), making the company vulnerable to economic, regulatory, or political changes in that region
- The AI and data analytics market is highly competitive, with competition from global consulting firms and niche AI providers.

### Peer Comparison

As per the RHP, there are no listed companies in India or globally which operate in a similar business model as Fractal Analytics.

### Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.900, the stock is priced at pre issue P/E of 66.10x on TTM EPS of Rs.13.62. Post issue, the stock is priced at a P/E of 70.79x on its EPS of Rs. 12.71. Looking at the P/B ratio at Rs.900 pre issue, book value of Rs. 132.49 of P/Bvx 6.79x. Post issue, book value of Rs.183.26 of P/Bvx 4.91x.

Considering the P/E valuation, on the lower end of the price band of Rs.857, the stock is priced at pre issue P/E of 62.94x on TTM EPS of Rs.13.62. Post issue, the stock is priced at a P/E of 67.40x on its EPS of Rs.12.71. Looking at the P/B ratio at Rs. 900 pre issue, book value of Rs. 132.49 of P/Bvx 6.47x. Post issue, book value of Rs. 183.26 of P/Bvx 4.68x.

## Industry Outlook

The global AI and Data & AI (DAAI) sector is experiencing rapid growth, driven by the widespread adoption of Generative AI and the emergence of agentic AI as enterprises move from pilot initiatives to large-scale production deployments. AI usage has accelerated significantly, with over 800 million weekly ChatGPT users and Google processing more than 1.3 quadrillion tokens per month by the end of 2025, reflecting broad enterprise and consumer acceptance. Key industries—including BFSI, healthcare and life sciences, retail and distribution, consumer packaged goods, and TMT—accounted for nearly 80% of the DAAI services market in FY25 and are expected to grow at CAGRs of approximately 15%–18% through FY30. Large enterprises with revenues above US\$5 billion currently represent over 70% of demand, while adoption among mid-sized organizations continues to rise. The AI platforms market is projected to expand from US\$57 billion in FY25 to US\$149 billion by FY30, representing a CAGR of 21.3%, supported by strong growth in foundation-model software and industry-specific AI solutions. Geographically, North America and Europe together contribute around 80% of DAAI services spending, while the Asia-Pacific region holds roughly 60% of global AI talent, led by India with over 40% of AI professionals. With evolving regulatory frameworks, increasing enterprise preference for unified AI partners, and rising investments in IT and automation, the industry outlook remains robust, underpinned by expanding use cases and a shift toward autonomous, agentic AI systems that enhance productivity and decision-making at scale.

## Outlook

Fractal is well positioned to benefit from the rapid expansion of the global AI and analytics market, supported by its full-stack capabilities, deep client relationships, strong innovation pipeline, and experienced leadership. Continued investments in GenAI, agentic systems, partnerships, and selective acquisitions are expected to drive sustained growth across key industries and geographies. While regulatory changes, competitive intensity, and technology execution risks remain, Fractal's diversified client base and integrated operating model provide resilience and long-term value creation potential.

## An Indicative timetable in respect of the Issue is set out below:

| EVENT  | INDICATIVE DATE<br>(On or about) |
|--|----------------------------------|
| BID/ISSUE OPENS ON   | 09-February-26                   |
| BID/ISSUE CLOSES ON  | 11-February-26                   |
| Finalisation of Basis of Allotment with the Designated Stock Exchange                      | 12-February-26                   |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account | 13-February-26                   |
| Credit of Equity Shares to Demat Accounts of Allottees                                     | 13-February-26                   |
| Commencement of trading of the Equity Shares on the Stock Exchanges                        | 16-February-26                   |

## Annexure

### Consolidated Financials

#### Profit & Loss

Rs. in Cr.

| Particulars  | Period ended<br>30-Sep-25 (6 Months) | Period ended<br>31-Mar-25 (12 Months) | Period ended<br>31-Mar-24 (12 Months) |
|--|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenue from operations  | 1559.00                              | 2765.40                               | 2196.30                               |
| Total expenditure  | 1359.40                              | 2415.50                               | 2122.90                               |
| <b>Operating Profit</b>  | <b>199.60</b>                        | <b>349.90</b>                         | <b>73.40</b>                          |
| OPM%   | 12.80                                | 12.65                                 | 3.34                                  |
| Other Income   | 35.30                                | 50.80                                 | 45.60                                 |
| <b>Total Net Income</b>  | <b>234.90</b>                        | <b>400.70</b>                         | <b>119.00</b>                         |
| Interest   | 23.30                                | 57.70                                 | 44.50                                 |
| PBDT   | 211.60                               | 343.00                                | 74.50                                 |
| Depreciation   | 63.50                                | 102.30                                | 83.20                                 |
| <b>PB share of loss of an associate,<br/>exceptional items and tax expense</b> | <b>148.10</b>                        | <b>240.70</b>                         | <b>-8.70</b>                          |
| Share of (loss) of an associate  | -44.50                               | -29.70                                | -16.30                                |
| <b>Profit / (Loss) before exceptional<br/>items and tax expens</b>             | <b>103.60</b>                        | <b>211.00</b>                         | <b>-25.00</b>                         |
| Exceptional items (loss) /gain   | -4.80                                | 27.00                                 | -5.50                                 |
| <b>PBT</b>   | <b>98.80</b>                         | <b>238.00</b>                         | <b>-30.50</b>                         |
| Tax  | 27.90                                | 17.40                                 | 24.20                                 |
| <b>Profit &amp; Loss</b>   | <b>70.90</b>                         | <b>220.60</b>                         | <b>-54.70</b>                         |

Balance sheet is on next page

## Balance Sheet

Rs. in Cr.

| Particulars  | As on 30-Sep-25 | As on 31-Mar-25 | As on 31-Mar-24 |
|--|-----------------|-----------------|-----------------|
| <b>Non-current assets</b>  |                 |                 |                 |
| Property Plant & Equipment   | 64.90           | 31.60           | 22.70           |
| Right Of Use Assets  | 141.10          | 160.20          | 116.60          |
| Goodwill   | 369.00          | 358.20          | 351.30          |
| Other Intangible Assets  | 158.70          | 137.00          | 135.60          |
| Intangible assets under development  | 35.40           | 13.70           | 5.90            |
| Investment accounted for using the equity method                                       | 382.00          | 425.80          | 425.90          |
| <b>Financial assets</b>  |                 |                 |                 |
| Investments  | 6.60            | 6.40            | 7.90            |
| Bank deposits  | 12.50           | 0.90            | 0.90            |
| Others   | 18.60           | 18.10           | 16.40           |
| Deferred tax assets  | 62.10           | 56.10           | 47.90           |
| Income Tax Assets  | 27.50           | 18.80           | 19.30           |
| Other non-current assets   | 1.00            | 6.20            | 1.20            |
| <b>Total non-current assets</b>  | <b>1279.40</b>  | <b>1233.00</b>  | <b>1151.60</b>  |
| <b>Current asset</b>   |                 |                 |                 |
| <b>Financial Assets</b>  |                 |                 |                 |
| Investments  | 671.70          | 561.40          | 445.50          |
| Trade receivables  | 620.00          | 584.80          | 533.30          |
| Cash and cash equivalents  | 110.20          | 264.90          | 81.20           |
| Bank balances other than C&C Equivalents   | 0.30            | 23.40           | 6.60            |
| Loans  | 32.30           | 30.30           | 28.20           |
| Other Financial Assets   | 2.00            | 3.90            | 6.50            |
| Other Current Assets   | 249.50          | 155.90          | 139.10          |
| <b>Total current assets</b>  | <b>1686.00</b>  | <b>1624.60</b>  | <b>1240.40</b>  |
| <b>Total Assets</b>  | <b>2965.40</b>  | <b>2857.60</b>  | <b>2392.00</b>  |
| <b>Non-current liabilities</b>   |                 |                 |                 |
| <b>Financial liabilities</b>   |                 |                 |                 |
| Borrowings   | 263.90          | 257.70          | 250.10          |
| Lease Liabilities  | 110.20          | 127.20          | 91.30           |
| Other financial Liabilities  | 45.20           | 45.00           | 31.00           |
| Provisions   | 18.50           | 18.80           | 18.70           |
| Deferred tax liabilities   | 68.80           | 68.80           | 101.60          |
| Total Non- Current liabilities   | 506.60          | 517.50          | 492.70          |
| Current liabilities  |                 |                 |                 |
| Financial Liabilities  |                 |                 |                 |
| Borrowings   | 10.70           | 8.50            | 0.00            |
| Lease Liabilities  | 38.20           | 35.60           | 21.80           |
| Trade Payables   |                 |                 |                 |
| Total outstanding dues of micro enterprises and small enterprises; and                 | 6.30            | 10.20           | 4.00            |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 76.60           | 51.80           | 47.20           |
| Other financial Liabilities  | 203.40          | 291.30          | 245.40          |
| Other Current Liabilities  | 124.20          | 164.70          | 140.80          |
| Provisions   | 5.30            | 6.40            | 14.80           |
| Current tax liabilities  | 14.60           | 6.20            | 5.40            |
| <b>Total - Current Liabilities</b>   | <b>479.30</b>   | <b>574.70</b>   | <b>479.40</b>   |
| <b>Total Liabilities</b>   | <b>985.90</b>   | <b>1092.20</b>  | <b>972.10</b>   |
| Net worth represented by:  |                 |                 |                 |
| Equity share capital   | 14.20           | 3.10            | 3.10            |
| Non-controlling Interest   | 6.90            | 12.20           | 14.20           |
| Other equity   | 1958.40         | 1750.10         | 1402.60         |
| Total Equity   | 1979.50         | 1765.40         | 1419.90         |

## RANKING METHODOLOGY

|                  |       |
|------------------|-------|
| <b>WEAK</b>      | ★     |
| <b>NEUTRAL</b>   | ★★    |
| <b>FAIR</b>      | ★★★   |
| <b>GOOD</b>      | ★★★★  |
| <b>EXCELLENT</b> | ★★★★★ |

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