

BONANZA WEALTH MANAGEMENT RESEARCH



10 February 2026

Fractal Analytics Ltd.- Neutral

Company Overview

Fractal Analytics Limited, founded in 2000, is a leading global enterprise AI and analytics company providing end-to-end AI solutions to large enterprises. Operating through **Fractal.ai** and **Fractal Alpha**, the company enables data driven decision making across industries including CPGR, TMT, BFSI, and healthcare, with solutions spanning growth, customer experience, risk, and supply chain optimization.

Investment Rationale

- Fractal has quietly positioned itself as the decision intelligence operating system for large enterprises, embedding AI across the full business decision lifecycle from data engineering and model development to deployment, monitoring, and continuous optimisation. Its end to end, enterprise grade AI stack allows global clients to move beyond siloed analytics toward always on, AI driven decision making, making Fractal a long term strategic partner rather than a project led services vendor.
- The company's two engine structure Fractal.ai and Fractal Alpha reflects a deliberate strategy to balance scale with innovation. While Fractal.ai focuses on deepening relationships with Must Win Clients through AI services and products hosted on its Cogentiq agentic AI platform, Fractal Alpha incubates and scales independent AI businesses targeting adjacencies, new geographies, and emerging use cases creating optionality without diluting core execution.
- Fractal operates at the centre of an enterprise AI ecosystem linking business users, data platforms, and AI models, creating strong embeddedness within client operations. As AI adoption deepens across functions such as pricing, risk, marketing, and supply chain, Fractal's solutions become increasingly mission critical, driving higher switching costs and multi-year client stickiness.
- Cogentiq forms the intelligence layer of Fractal's platform strategy, enabling faster product development, autonomous decision agents, and continuous learning systems across enterprises. Backed by strong in house research including large reasoning models under the IndiaAI Mission and domain specific foundation models Fractal is steadily moving clients from human in the loop analytics to AI in the loop execution, where scalability and speed become decisive advantages.
- Fractal's client base underscores its credibility and execution depth, with 122 Must Win Clients as of Sep'25 and relationships with the top 10 clients averaging over eight years. With c.92% of revenue generated from international markets and deep penetration across CPGR, BFSI, TMT, and HLS, Fractal has built a globally diversified, low churn enterprise AI franchise anchored in long-term trust and delivery consistency.

Valuation

Fractal Analytics operates in a niche enterprise AI and data analytics segment, with strong in-house R&D capabilities and a diversified presence across four key industries. It serves global MNC clients with an average relationship tenure of over eight years among its top 10 customers, reflecting healthy client stickiness. At the upper price band of ₹900, the issue is valued at a FY25 post-issue P/E of 78.9x, which appears stretched relative to its growth profile (18% revenue CAGR over FY23-25 and ~20% YoY growth in 1HFY26). Attrition remains elevated, and increasing client insourcing enabled by AI tools poses a structural risk. Accordingly, **we maintain a NEUTRAL view and prefer to monitor execution post listing.** Over the medium term, management's ability to navigate technological change and improve revenue per employee could drive strong operating leverage. Our preliminary estimates suggest healthy earnings growth over the next two years, leaving room for long-term upside for investors tracking the enterprise AI theme closely.

IPO Details

Industry	IT-Services
Issue Open Date	09 th February 2026
Issue Close Date	11 th February 2026
Price Band (Rs.)	857 – 900
Issue Size*	Rs. 28,339 Mn
Issue Size *(Shares)	3,14,87,778
Bid Lot	16 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 1.0/-

* At highest price band

Issue Details

Sale Type (Rs. Cr)	Offer for Sale – 1,810 Fresh Issue* – 1,023
Issue Type	Book Building
Book Running Lead Manager	Kotak Mahindra Capital Co Ltd, Morgan Stanley India Co Pvt Ltd, Axis Capital Ltd & Goldman Sachs(India) Securities Pvt Ltd
Registrar	MUFG Intime India Pvt Ltd
Issue structure	QIB: 75.0% Non Institutional: 15.0% Retail: 10.0%
Credit of Shares to Demat Account	13 th February 2026
Issue Listing Date	16 th February 2026

* At highest price band

Objective of Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)
Investment in Subsidiary (Fractal USA)	264.9
Purchase of laptops	57.1
Setting up of new offices in India	121.1
Investment in R&D and Sales and Marketing under Fractal Alpha	335.1
Funding inorganic growth through unidentified acquisitions and general corporate purposes [•]	225.3

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	18.2	17.0
Public & Others	81.8	83.0

* At highest price band

Business Highlights

- Founded in 2000, Fractal Analytics is India's leading pure-play enterprise Data, Analytics, and AI company, with a clear mission to power human decision-making in large global enterprises through AI. With over 25 years of operating history, Fractal has built deep technical, domain, and functional capabilities, enabling it to deliver end-to-end AI solutions across the full lifecycle—from problem ideation and model development to deployment and scaled adoption.
- The company operates through two complementary segments: Fractal.ai, which houses AI services and AI products primarily delivered via its flagship agentic AI platform, Cogentiq, and Fractal Alpha, which incubates and scales independent AI businesses targeting core enterprise clients, adjacencies, and new geographies. This structure allows Fractal to balance stable, relationship-driven growth with innovation and optionality.
- Fractal follows a focused "Must Win Client" strategy, serving large global enterprises with significant scale and complexity. As of September 30, 2025, it served 122 MWCs, including several Fortune-grade clients across CPGR, TMT, BFSI, and HLS, with top-10 client relationships averaging over eight years. High client tenure, strong Net Promoter Scores, and repeat business highlight Fractal's positioning as a long-term strategic partner rather than a transactional service provider.
- The company's differentiation is reinforced by sustained investments in R&D (5–6% of revenues) and a strong innovation culture, reflected in proprietary foundation models and global recognition in AI research. Backed by experienced, promoter-led management and a global delivery footprint, Fractal is well positioned to benefit from the structural shift toward enterprise AI and decision intelligence, making it a compelling long-term play on the increasing penetration of AI across large organizations.

Financials

Particular (Rs./Cr.)	FY23	FY24	FY25	1HFY26
Revenue	1,985.4	2,196	2,765	1,559
EBITDA	(116)	73	350	200
EBITDA Margin (%)	(5.9)	3.3	12.7	12.8
PAT	(321)	(42)	196	77
Pat Margin (%)	(16)	(2)	7.1	5
Reported EPS (Rs.)	13	(3)	12	5

Risk & Concern

- The top 10 clients contribute ~54% of Fractal.ai revenues, making growth and profitability highly dependent on a limited number of large enterprise relationships.
- Geographical concentration risk c.65% of revenues are derived from the US, exposing the business to US macroeconomic cycles, enterprise tech spending trends, and data privacy or AI-related regulatory changes.
- Rapid evolution in GenAI and agentic AI could commoditise existing offerings faster than anticipated, weakening Fractal's competitive differentiation.
- Elevated attrition and dependence on skilled talent, along with sensitivity to immigration policies (including HIB visas), may impact execution quality and cost structures.
- Elevated valuation despite moderate historical profitability leaves limited margin of safety, with any execution miss potentially leading to sharp downside.

Graphs & Charts

Figure 1: Revenue Trend

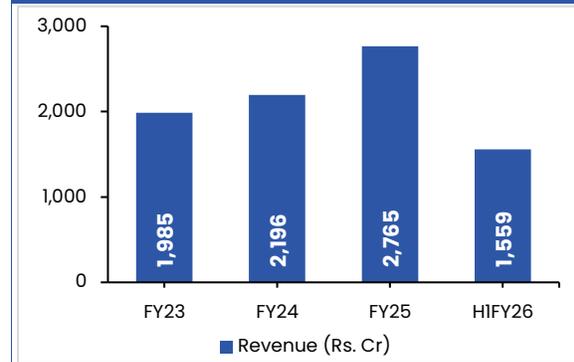


Figure 2: EBITDA & EBITDA Margin Trend

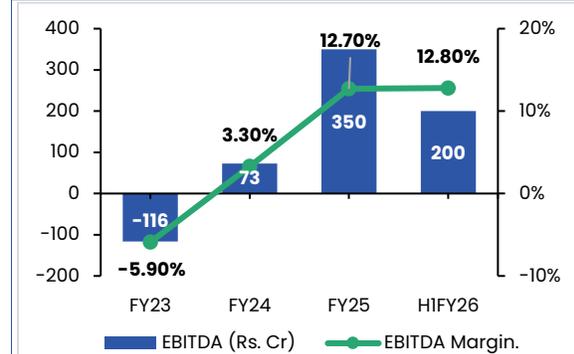


Figure 3: PAT Trend and Margin

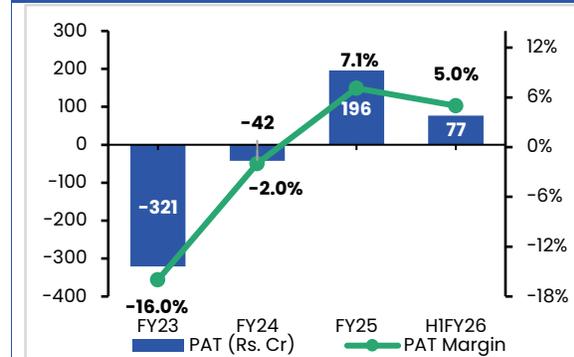
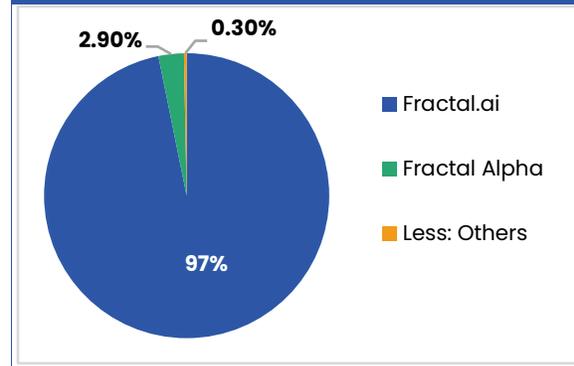


Figure 4: Revenue Mix



Name	Designation
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