fractal
INTELLIGENCE FOR IMAGINATION

Retail Research	**: IPO Note**
Sector	**: Artificial Intelligence**
Price Band (INR)	**: ₹122 to ₹129**
Issue Type	**: Bookbuilding IPO**

About The Company

Fractal ek global enterprise AI company hai jo pichhle 25+ saalon se AI, data aur analytics ka use karke world ki sabse badi companies ko better, faster aur smarter decisions lene me madad kar rahi hai. Company ka clear vision hai — "Human decisions ko AI ke through power karna." Simple language me samjhein to Fractal sirf data ya dashboards nahi deta, balki companies ko ye batata hai ki kaunsa decision lena hai, kab lena hai aur kyun lena hai, taaki business outcomes improve ho sakein. Fractal end-to-end AI solutions provide karta hai business problem samajhne se lekar data analysis, AI model development, deployment aur employees ke daily decision-making workflow tak.

Fractal ka business mainly do segments me divided hai. Pehla aur sabse bada segment Fractal.ai hai, jo company ka main revenue engine hai. Isme custom AI services (consulting + implementation) aur AI products dono aate hain, jo Cogentiq naam ke flagship Agentic AI platform par based hote hain. Cogentiq ek low-code, secure aur governance-ready platform hai jahan large enterprises apne khud ke AI agents bana sakte hain. Doosra segment Fractal Alpha hai, jo ek tarah ka internal AI startup factory hai jahan naye AI businesses, new geographies aur successful products ko alag-alag independent companies me spin-off kiya jata hai. Is structure se Fractal innovation ko continuously scale karta hai.

Clients ki quality Fractal ka sabse bada moat hai. Company sirf "Must-Win Clients" ke saath kaam karti hai yaani jinki revenue $10 bn se zyada ho, market cap $20 bn+ ho ya end customers 30 million se zyada ho. FY25 me Fractal ke paas 113 Must-Win Clients the, jinme Citi, Costco, Nestle, Mars, Mondelez, Philips jaise global giants shamil hain, aur "Magnificent Seven" me se bhi majority ke saath Fractal ka kaam hai. Aise large aur sticky clients ke saath long-term relationships Fractal ko stable aur scalable growth dete hain. Company ka focus mainly CPG & Retail, TMT, Healthcare & Life Sciences, BFSI jaise sectors par hai, jahan top 20 companies me se lagbhag aadhi ke saath Fractal already kaam kar raha hai.

Fractal AI ke real-world use cases sirf analytics tak limited nahi hain. Company customer behavior samajhne ke liye GenAI-based recommendation systems banati hai, healthcare me operational efficiency ke liye AI call auditing aur sentiment analysis use karti hai, FMCG companies ko naye products develop karne me consumer data se insights deti hai, sustainability aur innovation ke liye AI-based product concept generators banati hai, aur top management ke liye forecasting, budgeting aur growth experiments jaise critical decisions automate karti hai. Yahan AI ek reporting tool nahi, balki decision engine ka kaam karta hai.

Fractal ka secret sauce uska Decision-Backwards Approach hai jahan pehle ye define kiya jata hai ki user ko kaunsa decision lena hai, aur phir data, AI model aur system design us decision ke around banaya jata hai. Iske saath-saath company behavioral science aur data science ko combine karti hai, kyunki sirf accurate AI model banana kaafi nahi hota adoption bhi zaroori hota hai. Fractal AI recommendations ko employees ke daily workflow me psychologically fit karta hai taaki log unhe actually follow karein. Functional aur technical expertise ka combination (sales, marketing, supply chain, finance) Fractal ko ek one-stop AI partner banata hai.

Issue Details	
IPO Open Date	09-Feb-26
IPO Close Date	11-Feb-26
Price Band (Rs)	₹857 to ₹900
Lot Size	116 Shares
Issue Size (Rs Cr)	3,14,87,777 shares
Face Value	₹1 per share
Sales Type	Fresh Capital & OFS
Issue Type	Bookbuilding IPO
Listing At	BSE, NSE
Share Holding Pre Issue	16,05,56,718 shares
Share Holding Post Issue	17,19,28,940 shares
QIB	75.00%
Retail Share	10.00%
NII Share	15.00%
Promoter Holding Pre Issue	18.19%
Promoter Holding Post Issue	

Shareholding Pattern (%)	
Srikanth Velamakanni	5.21%
Pranay Agrawal^	4.87%
Chetana Kumar	3.89%
Rupa Krishnan Agrawal	0.49%
Narendra Kumar Agrawal	3.54%

Objects of the Issue	**Estimated Amount (INR Cr.)**
Investment in one of our Subsidiaries, Fractal USA, for pre-payment and/ or scheduled repayment, in full or in part, of its borrowings	264.9
Purchase of laptops	57.1
Setting-up new office premises in India	121.1
Investment in (a) research and development; and (b) sales and marketing under Fractal Alpha	355.1

FRACTAL ANALYTICS

About The Company

Technology ke level par Fractal ka moat kaafi strong hai. Company ke paas apne khud ke foundation models hain jaise Kalaido.ai (Indian language text-to-image), Vaidya.ai (medical multimodal AI), Fathom-R1-14B reasoning model aur Project Ramanujan, jo NeurIPS award winner raha hai. Fractal ke research papers NeurIPS, ICLR aur IEEE jaise top global forums me publish hote hain, jo iske deep-tech credibility ko show karta hai. Cogentiq platform ke through Fractal agentic AI deliver karta hai jo plan karta hai, act karta hai aur self-correct bhi karta hai fully enterprise-ready security aur governance ke saath.

Financially, Fractal ne FY23–FY25 ke beech ~18% revenue CAGR deliver kiya hai, FY25 revenue ₹27,654 mn raha, jisme se 91.6% revenue India ke bahar se aata hai. FY24 me thoda margin pressure tha, lekin FY25 me strong recovery dikhi EBITDA margin 14.4%, adjusted EBITDA 17.4% aur PAT margin 8%. Client stickiness bhi kaafi strong hai: top 10 clients ka average relationship 8+ saal ka hai, jo revenue ka 53.8% contribute karte hain, aur FY25 net revenue retention 121% raha matlab existing clients se hi zyada business aa raha hai.

Employees aur culture Fractal ki long-term strength hai. 5,200+ employees, controlled attrition (~16%), extremely high hiring selectivity (0.8%) aur 10 saalon se consistent Great Place to Work recognition company ke execution capability ko support karti hai. Aage chalke Fractal ka focus zyada Must-Win Clients add karna, heavy AI & GenAI R&D investment, Cogentiq platform ko aur powerful banana, strategic acquisitions aur best-in-class workplace culture maintain karne par rahega jo isse ek sustainable, long-term AI compounder bana sakta hai.

RISK

1️⃣ Cyber Security & Data Breach Risk – Data leak ya cyber-attack se legal penalties, client trust loss aur brand damage ho sakta hai.

2️⃣ Client Concentration Risk – Top 10 clients se ~54% revenue; kisi big client ke exit ya spending cut se revenue pe direct hit.

3️⃣ Industry Concentration Risk – CPGR, TMT, HLS, BFSI pe zyada dependence; sector slowdown se growth impact.

4️⃣ Geography Risk (US Dependence) – 65%+ revenue US se; slowdown, visa, regulatory changes ka risk.

5️⃣ AI Project Execution Risk – Delay, cost overrun ya expectation mismatch se contract loss aur margin pressure.

6️⃣ Technology Change Risk – Fast-changing AI landscape me adapt na kiya to solutions outdated ho sakte hain.

7️⃣ Talent Risk – Skilled AI/GenAI talent ki shortage, high attrition aur rising employee cost.

8️⃣ Fraud & Misconduct Risk – Employee ya consultant misconduct se financial aur reputation loss.

9️⃣ Regulatory & Legal Risk – AI, data privacy, cross-border data laws ke chalte compliance cost aur penalties.

🔟 Past Losses & Cash Flow Risk – Previous losses aur negative cash flow; expansion phase me cash burn risk.

1️⃣1️⃣ Pricing & Margin Risk – Under-estimated cost ya project delays se margin compress ho sakta hai.

1️⃣2️⃣ Forex Risk – Rupee appreciation se reported profit aur EPS pe negative impact.

1️⃣3️⃣ Ethical & Reputation Risk – AI bias, misuse ya wrong outputs se brand damage aur client loss.

1️⃣4️⃣ IP & Proprietary Tool Risk – IP misuse ya weak protection se competitive edge loss.

1️⃣5️⃣ Marketing & Brand Risk – Weak branding ya ineffective marketing se new client acquisition slow.

1️⃣6️⃣ High Competition Risk – Global IT majors aur AI startups se price war aur margin pressure.

1️⃣7️⃣ Immigration & Work Permit Risk – Visa restrictions se onsite delivery aur client servicing impact.

1️⃣8️⃣ Acquisition Risk – Galat acquisition ya integration failure se profitability aur management focus pe pressure.

1️⃣9️⃣ Legal Proceedings Risk – Ongoing cases ka negative outcome penalty aur reputation hit la sakta hai.

2️⃣0️⃣ AGI Disruption Risk – Future AGI traditional AI services ko obsolete bana sakti hai.

2️⃣1️⃣ Third-Party Dependency Risk – Cloud, APIs, vendors pe dependence; outage ya terms change se disruption.

2️⃣2️⃣ Open-Source Software Risk – Open-source development slow hua to innovation aur pricing power impact.

2️⃣3️⃣ Receivable & Collection Risk – Late payments se cash flow aur revenue recognition delay.

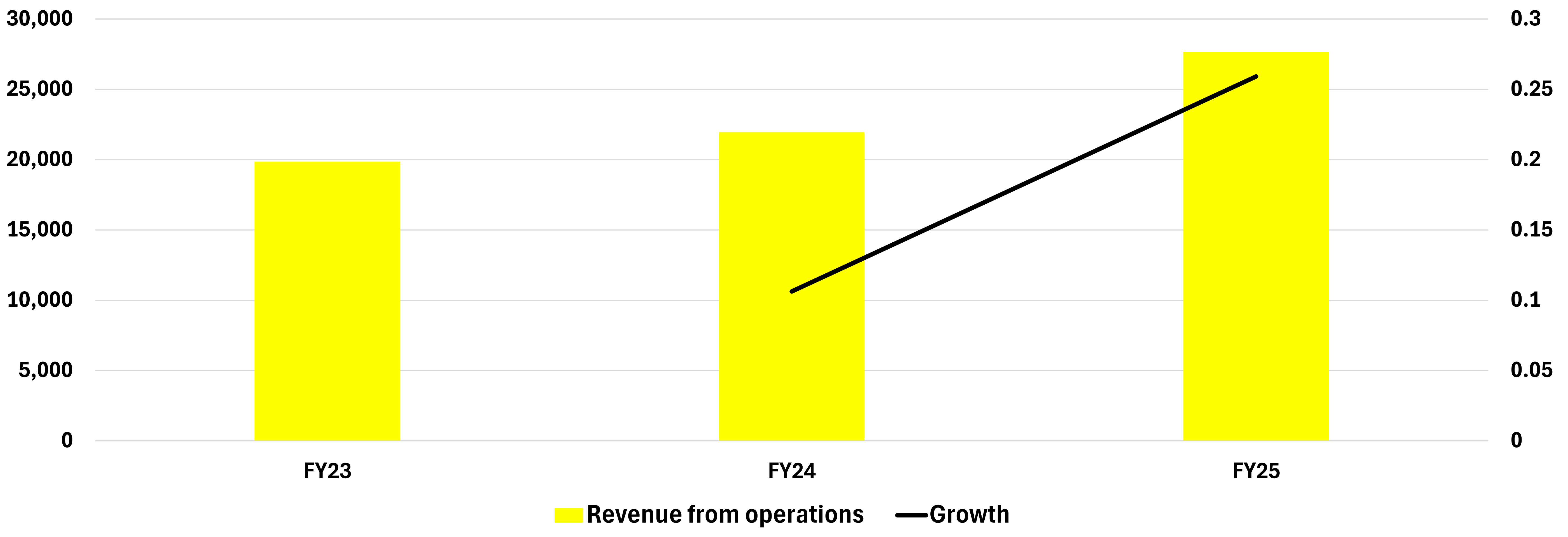
2️⃣4️⃣ License & Approval Risk – Renewals ya approvals delay/reject hue to operations disrupt.

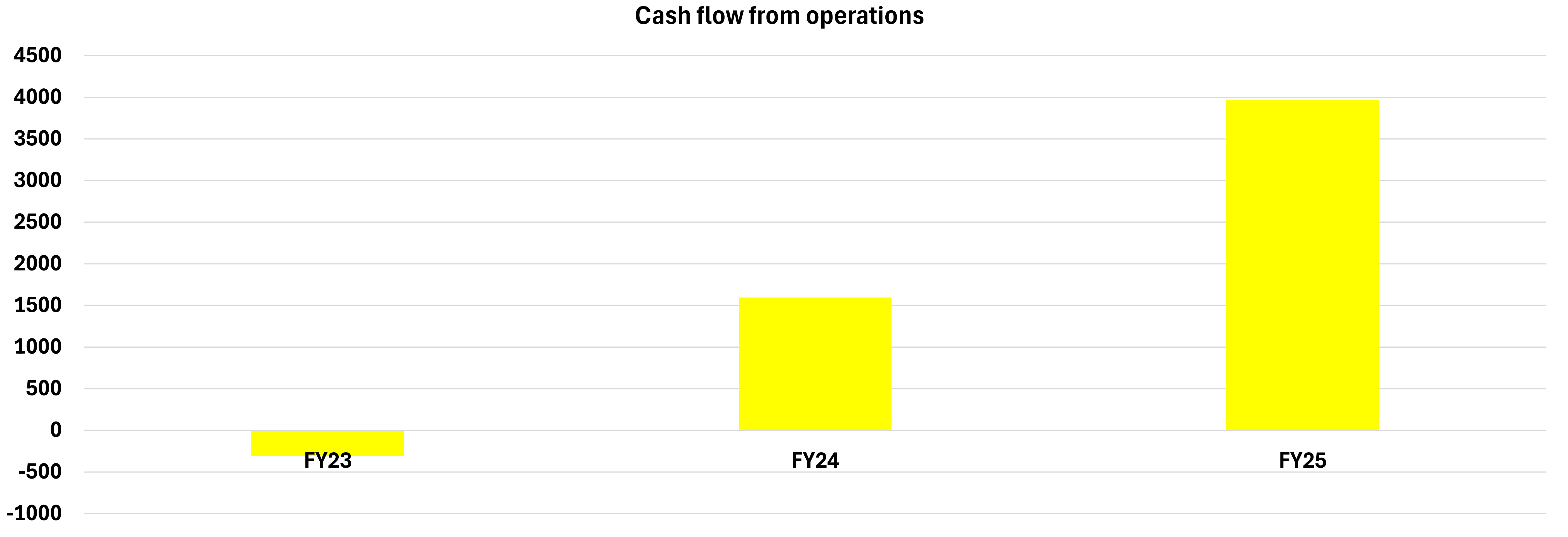
2️⃣5️⃣ Governance & Conflict of Interest Risk – Promoter/director interests se decision-making bias ka risk.

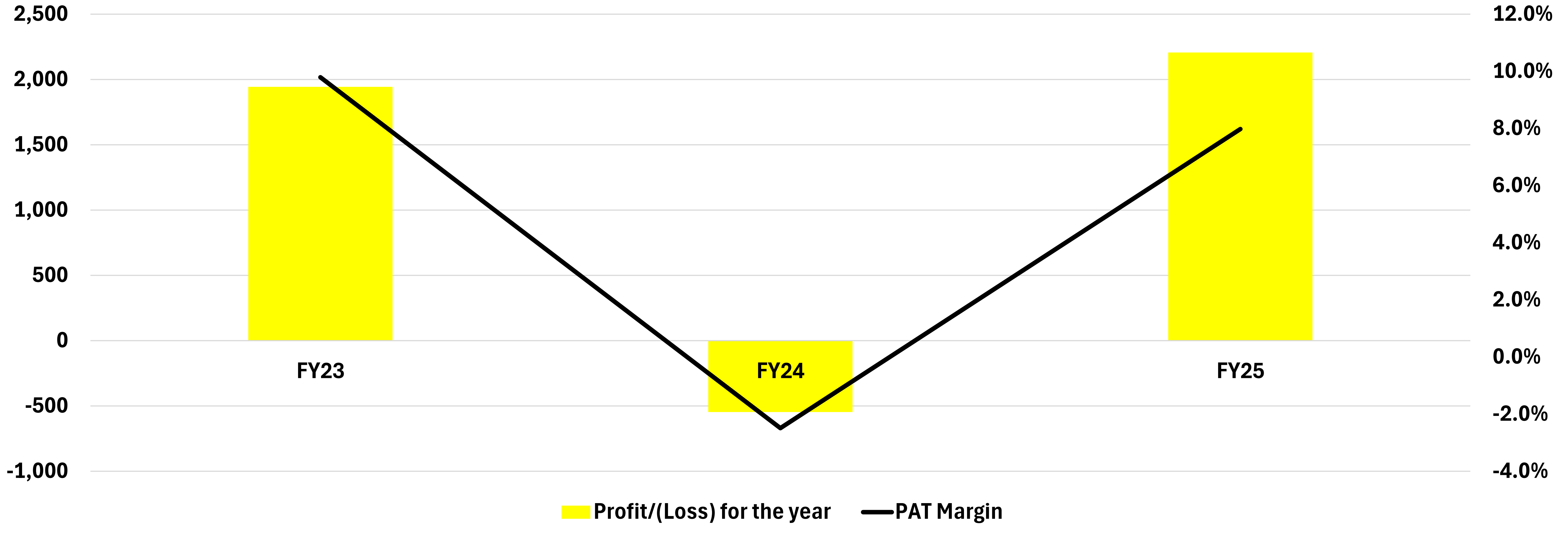
2️⃣6️⃣ IPO & Shareholder Risks – OFS, valuation mismatch, volatility, liquidity issues aur limited minority rights.

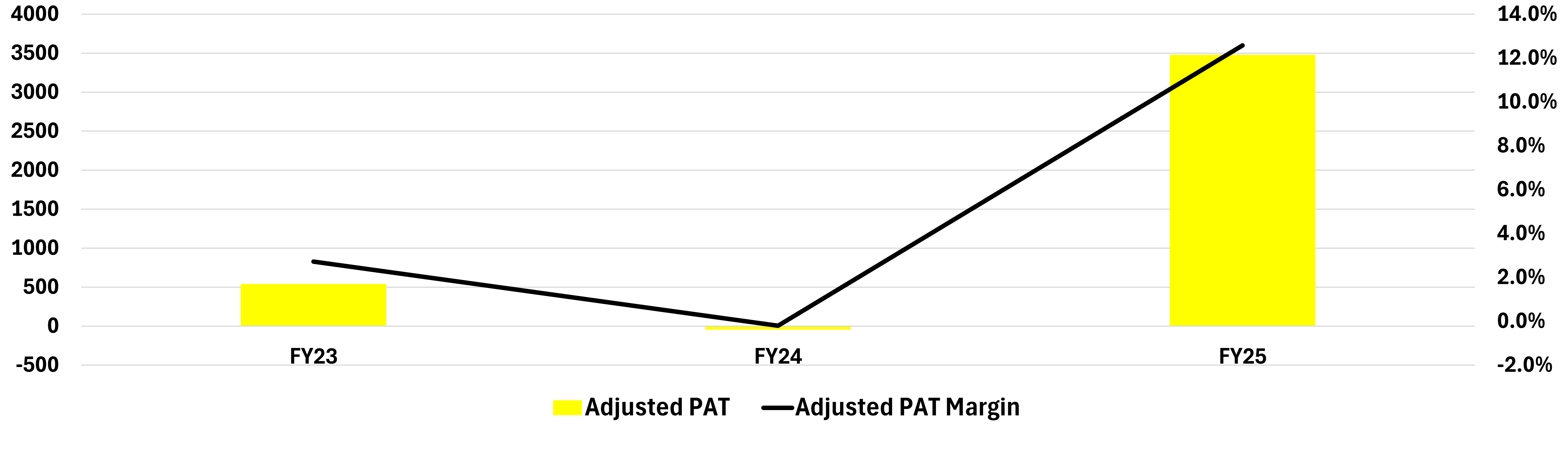
FRACTAL ANALYTICS

FINANCIAL ANALYSIS









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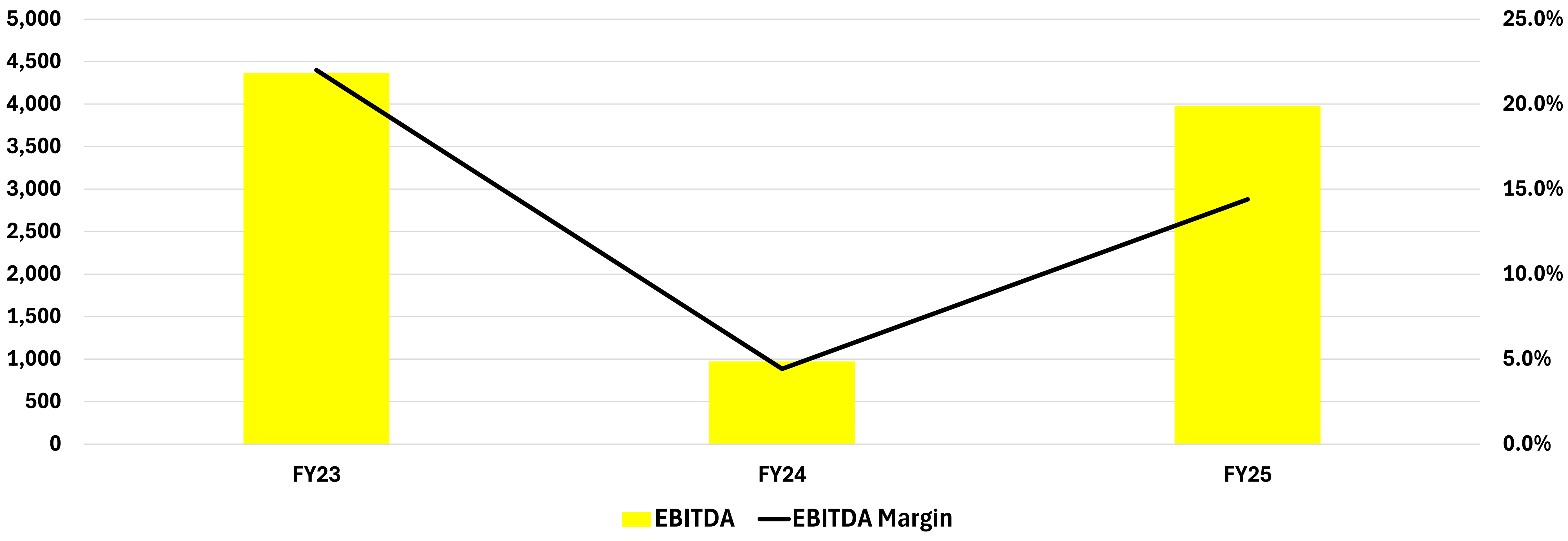

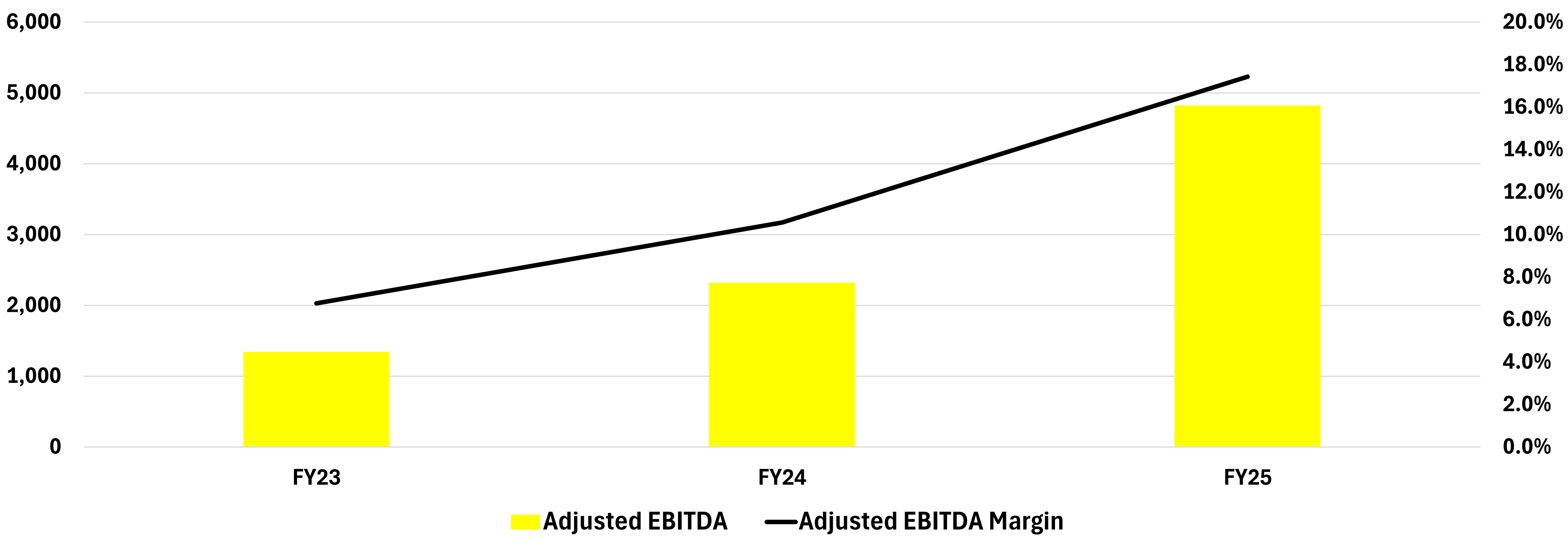

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