

Fractal Industries IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127

Reviewed on 12 February 2026

- The company is engaged in the business of garments designing and manufacturing activities.
- It's a full-service garment manufacturer and technology driven supply chain management.
- The company posted inconsistency in its top and bottom lines for the reported periods.
- Quantum jump in bottom lines from FY25 onwards appears inflated data to pave the way for fancy valuations.
- The issue appears aggressively priced, based on its recent financial data.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term, rest can ignore it.

About the Company

Fractal Industries Ltd. (FIL) is engaged in the business of designing, sourcing and manufacturing of garments and providing end -to-end warehousing and supply chain services to e-commerce platforms. Having Pan India presence, FIL is a full-service garment manufacturing and technology-driven supply chain management company focused on fast moving, high quality apparel for e-commerce marketplaces (Myntra, Ajio and similar platforms). The company integrate agile design-to-delivery manufacturing, scalable production capabilities, rigorous quality control, and data-driven supply chain management to help brands and private labels accelerate speed-to-market, improve margins, and enhance customer satisfaction.

FIL also provides integrated supply chain and fulfilment solutions that enable apparel brands, partners, and marketplaces to optimize and streamline their e-commerce operations. Initially, the Company started manufacturing garments for Myntra. Gradually, year on year basis, company started manufacturing for other marketplaces as well. With a monthly manufacturing capacity of more than 3,00,000 garment units the Company has built a robust supply chain capable of handling multiple daily orders and shipments across multiple marketplaces. Its Manufacturing unit is located at Mumbai with warehouses located in Gujarat, Maharashtra, Haryana, West Bengal and Karnataka. The Company also offers a wide array of value-added services to enhance e-commerce operations including Product Management System, Data Analytics, Integrated Logistics Management, Order Management System, Inventory and Returns Management, Order Anomaly Detection, Multi-Channel Sales Enablement.

The Company has a subsidiary, Nested Brands Private Limited which was incorporated on April 6, 2025 and is engaged in the business of brand creation, including the development of brand identities,

concept and strategies for itself as well as for other companies and parties. Its major revenue comes from PPMP model and B2C segment of business. As of September 30, 2025, it had 45 employees on its payroll, and additional 38 contract labours.

Issue Details / Capital History

The company is coming out with its maiden book-building route IPO of 2268600 equity shares of Rs. 10 each to mobilize Rs. 49.00 cr. at the upper cap. The company has announced a price band of Rs. 205 – Rs. 216 per share. The IPO opens for subscription on February 16, 2026, and will close on February 18, 2026. The minimum application to be made is for 1200 shares and in multiple of 600 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 28.90% of post-IPO paid-up equity capital of the company. From the net proceeds of the issue, the company will utilize Rs. 36.50 cr. for working capital, and the rest for general corporate purpose.

The IPO is solely lead managed by Finaax Capital Advisors Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue. Shreni Shares Ltd., is the market maker as well as a syndicate member.

After issuing the initial equity shares at par value, the company issued further equity shares at a fixed price of Rs. 1530.00 per share in July 2025. It has also issued bonus shares in the ratio of 10 for 1 in August 2025. The average cost of acquisition of shares by the promoters is Rs. – (9.66), and Rs. 0.91 per share.

Post-IPO, company's current paid-up equity capital of Rs. 5.58 cr. will stand enhanced to Rs. 7.85 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 169.54 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total revenue/net profit, of Rs. 88.91 cr. / Rs. 2.66 cr. (FY23), Rs. 50.01 cr. / Rs. 2.27 cr. (FY24), Rs. 85.51 cr. / Rs. 7.54 cr. (FY25). For H1 - FY26 ended on September 30, 2025, it earned a net profit of Rs. 6.71 cr. on a total revenue of Rs. 47.33 cr. The sudden boost in bottom lines from FY25 onwards raises eyebrows and concern over its sustainability as it is operating in a highly competitive and fragmented segment.

For the last three fiscals, the company has reported an average EPS of Rs. 9.03, and an average RoNW of 40.79%. The issue is priced at a P/BV of 5.11 based on its NAV of Rs. 42.28 as of September 30, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute its FY26 annualized super earnings on post-IPO expanded equity base, then the asking price is at a P/E of 12.64, and based on its FY25 earnings, the P/E stands at 22.50. Thus, the issue appears aggressively priced. Inflated profits for FY26 keeps its P/E low and paves the way for fancy pricing.

The company has posted PAT margins of 2.99% (FY23), 4.54% (FY24), 8.82% (FY25), 14.34% (H1-FY26), and RoCE Margins of 19.14%, 12.33%, 25.07%, 18.99%, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Bang Overseas as its listed peer. It is currently trading at a P/E of 11.4 (as of February 12, 2026). However, they are not comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

MERCHANT BANKER'S TRACK RECORDS:

This is the 3rd mandate from Finaax Capital in the ongoing fiscal. Out of the last 2 listings, 1 opened at discount, and the rest with premium of 14.14% on the date of listing. The lead manager has average performance trends.

Conclusion / Investment Strategy

FIL is engaged in the business of garments designing and manufacturing activities. It's a full-service garment manufacturer and technology driven supply chain management. The company posted inconsistency in its top and bottom lines for the reported periods. Quantum jump in bottom lines from FY25 onwards appears inflated data to pave the way for fancy valuations. The issue appears aggressively priced, based on its recent financial data. The company is engaged in the business of garments designing and manufacturing activities. Small post-IPO equity base indicates longer gestation for migration. Only well-informed/cash surplus/risk seekers may park moderate funds for medium term, rest can ignore it.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

Disclaimer: The information provided herein is solely for educational and informational purposes and does not constitute an offer, solicitation, or recommendation to buy or sell any securities. Readers are advised to consult a qualified financial advisor before making any investment decisions. Investments in the securities market are subject to market risks. The author does not intend to invest in the securities discussed.