IPO REVIEW

Fusion CX IPO

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- The company is a customer experience (CX) service provider delivering services across multiple channels in a cost effective manner.
- It focused on AI tools, that yielded the desired rewards and increased its business with growing margins.
- The company has emerged as a leader in the space of its operations globally.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term rewards.

About the Company

Fusion CX Ltd. (FCL) is a customer experience (“CX”) service provider delivering services across multiple channels, including voice, email, chat, social media and message, in a cost-effective manner with technology playing a central role in its service delivery model, in addition to providing AI Data Infrastructure Services that include data collection, data annotation and labelling, and teleoperations services. (Source: Everest Report, "Industry Overview"). With a human and tech philosophy at its core, Fusion CX blends deep domain expertise with a portfolio of proprietary AI tools to enable intelligent, multilingual, and omnichannel engagement at scale through a broad spectrum of generative AI-driven technologies that enhance customer engagement, operational efficiency, and digital transformation (Source: Everest Report, "Industry Overview").

FCL’s business process solutions and services company maintain focus on key verticals, including telecom and utilities, healthcare and life sciences, (HTT), BFSI, and retail, where it has developed deep domain specialization. (Source: Everest Report, "Industry Overview") It has a track record of acquiring and integrating companies in the CX space and a portion of its growth has come from such acquisitions. Its acquisitions have also contributed to the growth of company’s portfolio of services and customers. The company has developed a multilingual global network with 40 delivery centers and two sales offices spread across 13 countries as on June 30, 2026.

FCL has focused on key verticals such as telecom and other utilities, high-tech growth and travel (“HTT”), BFSI, retail and healthcare which has helped it build domain expertise to compete effectively.

Telecom and other utilities marks lion share in its top line for the reported periods.

While traditional BPO focuses on cost efficiency and back-office operations, CX emphasizes end-to-end engagement, personalization, and value creation, making it a more strategic and future-ready

service offering. (Source: Everest Report, "Industry Overview"). Approaching opportunities through a CX-focused lens rather than a traditional BPO approach has enabled it to secure business from larger customers including 22 Fortune 1000 companies out of a total of 208 customers as on June 30, 2026. Some of its key customers include DMEC Capital Services, Park West, Telaid, Achieve Collection, Ameriflex, Coastline, Ajio, Meesho, Call Core Media, Arvind Fashion, Propneu S.A., Leonardo Hotels, Insurance Express, K2 ClaimsServices Sentry Credit, and Traya.

Its flexible commercial structures, including fixed-fee, transaction-based, and outcome-based models, allow customers to choose the option that best suits their specific needs and industry requirements.

FCL delivers end-to-end customer experience solutions through platforms and AI-powered tools developed in-house. Its tailored delivery model enables measurable impact across customer satisfaction, operational efficiency, and cost optimization. Driving its technology-led transformation is its Subsidiary, Omind Technologies Inc and its subsidiary, Omind Technologies Private Limited (together, “Omind”), which is developing proprietary platforms across marketing AI, conversational AI, quality automation and workforce management. Omind is central to FCL’s evolution from a traditional CX service provider into a productized, SaaS-enabled CX service provider.

The company also integrates third-party AI solutions within its operations to enhance multilingual capabilities and automate customer interactions such as MindSpeech which is an AI-driven voice harmonization solution powered by sanas.ai that adjusts accents in real time to enhance multilingual communication and improve clarity in customer interactions. This enhances multilingual communication by adjusting accents in real-time, ensuring clear and comprehensible interactions across diverse customer bases. This is used by the company for its conversational voice and chatbot solutions which manage routine queries on a 24x7 basis. It also provides AI data infrastructure services, including image and video labeling using bounding boxes, segmentation masks and key points. Its teams support real-time robot teleoperation, remote intervention and AI monitoring and incident triage.

As on June 30, 2026, FCL operates in 13 countries with 40 strategically located delivery centres, ensuring 24x7 support across several time zones. It provides support in 28 languages including English, French, Spanish, Portuguese, German, Arabic, Mandarin, Italian and Hindi. Its delivery centres in North America cater to local markets, while Latin America provides cultural alignment and time zone proximity to North America. Additionally, its delivery centres in India and the Philippines deliver cost-effective, round-the-clock support. The Company had 13735 CX Employees and 3829 Field Workforce assisting on operational tasks in its telecom and other utilities sector as on June 30, 2026.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO worth Rs. 702.00 cr. (24290657 equity shares at the upper cap). The issue consists of fresh equity shares worth Rs.

500.00 cr. (approx. 17301038 equity shares at the upper cap, and an Offer for Sale (OFS) worth Rs. 202.00 cr. (approx. 6989619 equity shares at the upper cap). The company has announced a price band of Rs. 275 – Rs. 289 per equity shares of Re. 1 each. The issue opens for subscription on October 14, 2026, and will close on October 16, 2026. The minimum application to be made is for 51 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 16.83% of the post-IPO paid-up equity capital. From the net proceedings of the fresh equity issue, the company will utilize Rs. 275.70 cr. for repayment/prepayment of certain borrowings, Rs. 61.15cr. for investment in step-down subsidiaries - Omind Technologies Inc., and Omind Technologies Pvt. Ltd. for upgrading IT tools i.e., Arya and MindVoice, and the rest for general corporate purposes.

The company has allocated not less than 75% for QIBs, not more than 15% for HNIs, and not more than 10% for Retail investors.

The joint Book Running Lead Managers (BRLMs) to this issue are Nuvama Wealth Management Ltd., IIFL Capital Services Ltd., Motilal Oswal Investment Advisors Ltd., while KFin Technologies Ltd. is the registrar to the issue. Motilal Oswal Financial Services Ltd., and Nuvama Wealth Management Ltd. are syndicate members.

Having issued initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 1.05 – Rs. 62 per share, (based on FV of Re. 1), between March 2005 and September 2026. It has also issued bonus shares in the ratio of 4 for 5 in March 2006, 4 for 5 in March 2007, and 3 for 1 in September 2022. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.12, and Rs. 0.13 per share.

Post-IPO, its current paid-up equity capital of Rs. 12.71 cr. (127059295 equity shares) will stand enhanced to Rs. 14.44 cr. (144360333 equity shares). Based on its upper price band, the company is looking for a market cap of Rs. 4172.01 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 1021.53 cr. / Rs. 36.26 cr. (FY24), Rs. 1352.03 cr. / Rs. 74.31 cr. (FY25), and Rs. 1851.83 cr. / Rs. 169.84 cr. (FY26). For Q1 of FY27 ended on June 30, 2026, it earned a net profit of Rs. 55.70 cr. on a total income of Rs. 503.85 r. The company posted growth in its performances for the reported periods. Rising trade receivables year-on-year raise concern. Its contingent liabilities stood at Rs. 9.90 cr. as of June 30, 2026.

For the last three fiscals, the company has posted an average EPS of Rs. 9.18 (Basic) and an average RoNW of 24.59 %. The issue is priced at a P/BV of 5.98 based on its NAV of Rs. 48.35 as of June 30, 2026, and at a P/BV of 3.74 based on its post-IPO NAV of Rs. 77.36 per share (at the upper cap).

If we attribute FY27 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 18.73. Based on FY26 earnings, the P/E stands at 24.55. The issue appears

fully priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 3.66% (FY24), 5.59% (FY25), 9.34% (FY26), 11.36% (Q1-FY27), and RoCE margins of 19.56%, 49.73%, 71.59%, 19.84%, respectively, for the referred periods.

Dividend Policy

The company has paid a dividend of 10% (FY24), 20% (FY25), 30% (FY26). It has adopted a dividend policy in April 2025, based on its earnings and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown FirstSource solutions, eClerx Services, Alldigi Tech, Inventurus Knowledge, Sagility India, Hinduja Global, as its listed peers. They are currently trading at a P/E of 23.8, 24.1, 13.1, 38.6, 20.0, and NA (as of October 09, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The three BRLMs associated with this issue have handled 107 public issues in the past three fiscals, out of which 33 issues closed below the offer price on listing date.

Conclusion / Investment Strategy

FCL is a customer experience (CX) service provider delivering services across multiple channels in a cost effective manner. It focused on AI tools, that yielded the desired rewards and increased its business with growing margins. The company has emerged as a leader in the space of its operations globally. Its customer includes 22 marquee Fortune 1000 companies. Based on its recent average financial data, the issue appears fully priced. Well-informed investors can park funds for medium to long term rewards.

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.

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