Fusion CX Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
14 October 2026	16 October 2026	₹275-289	Subscribe

Investment Summary

Fusion CX Limited is a **technology-enabled customer experience (CX)** and business process outsourcing **(BPO) solutions provider** delivering end-to-end customer lifecycle management across key verticals including telecom and utilities, high-tech and travel, BFSI, healthcare, and retail. The company operates a hybrid delivery model combining a global operational workforce across delivery centres in India, North America, Latin America, Southeast Asia, and EMEA with proprietary artificial intelligence and workflow automation platforms, notably Arya and MindVoice. Financial performance has scaled aggressively, with Revenue from Operations increasing from ₹991.32 Cr in FY24 to ₹1,818.14 Cr in FY26, alongside an EBITDA of ₹329.87 Cr (18.14% margin) and a sharp rise in Restated PAT to ₹169.84 Cr. The IPO comprises a **Fresh Issue of 1,73,01,038 shares** aggregating up to **₹500 Cr** and an **Offer for Sale of 69,89,619 shares** aggregating up to **₹202 Cr**, totaling ₹702.00 Cr at the upper price band of ₹289 per share. Fresh proceeds will primarily be allocated toward the prepayment or repayment of outstanding borrowings availed by the company and certain subsidiaries (₹275.70 Cr) and capital expenditure for upgrading proprietary IT platforms Arya and MindVoice (₹61.15 Cr). Backed by enduring client stickiness (average relationship tenure of 11.46 years with top 10 accounts), a dominant international revenue footprint (88.71% from outside India, led by North America at 81.70%), and immediate balance sheet deleveraging, the business presents strong operational momentum. Despite inherent risks including client concentration (top 10 clients driving 52.17% of FY26 revenue), elevated employee benefit costs, short-term contract durations, and structural disruption risks from Generative AI, its strong margin expansion and attractive valuation provide solid operational and financial foundations.

Company Overview

Fusion CX Limited (formerly known as Fusion CX Private Limited and Xplore-Tech Services Private Limited), incorporated in 2004, is a technology-enabled provider of customer experience (CX) and business process outsourcing (BPO) solutions. Operating through a global delivery network across India, the United States, Canada, Latin America, Southeast Asia, and EMEA, the company delivers integrated, multilingual customer lifecycle support to multinational enterprises. Its service portfolio encompasses omnichannel contact center services, technical support, collections, back-office lifecycle processing, and advanced analytics across key verticals, including telecom and utilities, healthcare, BFSI, retail, and high-tech and travel. The company functions on a hybrid delivery model, integrating human operational capabilities with proprietary artificial intelligence and workflow automation tools, including its proprietary platforms Arya and MindVoice. Fusion CX serves a diversified corporate clientele predominantly situated across North America and key international markets, underpinned by standardized global compliance and security certifications. Promoted by Pankaj Dhanuka, Kishore Saraogi, PNS Business Private Limited, and Rasish Consultants Private Limited, the company is launching an initial public offering comprising a fresh issue of equity shares alongside an offer for sale by the promoter selling shareholders.

Business Model

Fusion CX Limited operates a technology-enabled global delivery model providing end-to-end customer experience (CX) management and business process outsourcing (BPO) solutions. The company executes a hybrid operational framework that combines a globally distributed workforce of 13,735 CX professionals and 3,829 field personnel with proprietary artificial intelligence and workflow automation platforms, notably Arya and MindVoice. The company generates revenue across five key industry verticals: telecom and other utilities (accounting for 47.34% of FY26 operational revenue), high-tech and travel (13.88%), BFSI (13.52%), healthcare (13.14%), and retail (12.12%). Operating primarily as an export-driven B2B service partner, Fusion CX derives 88.71% of its revenue from outside India, with North America serving as its core anchor market at 81.70% of FY26 revenue. Engagements are structured across fixed-fee, transaction-based, and resource-linked pricing models under short- to medium-term contracts. Despite the project-driven nature of the industry, the company demonstrates strong institutional stickiness, maintaining an average relationship tenure of 11.46 years with its top 10 client accounts.

Investment Rationale

Strong Financial Scale and Accelerating Profitability: Fusion CX has delivered aggressive top-line growth, with Revenue from Operations surging 36.77% to ₹1,818.14 Cr in FY26 from ₹991.32 Cr in FY24. This expansion is matched by exceptional profitability, as Restated PAT climbed over fourfold from ₹36.26 Cr in FY24 to ₹169.84 Cr in FY26.

Established Global Delivery Network: The company operates a robust international delivery architecture spanning the US, Canada, Latin America, Southeast Asia, and EMEA. It derives 88.71% of its revenue from outside India, with North America forming its primary anchor market at 81.70% of FY26 operational revenue, ensuring resilient, dollar-denominated cash flows.

Proprietary Technology Stack and Gen AI Integration: Fusion CX differentiates itself by embedding advanced automation and Generative AI into its service delivery through proprietary tools like Arya and MindVoice. The planned deployment of ₹61.15 Cr from fresh issue proceeds to upgrade these IT platforms will further strengthen its technological moat against commoditized competitors.

High Customer Stickiness and Long-Standing Relationships: Despite the industry norm of short- to medium-term contracts, the company demonstrates deep institutional client integration. It commands an impressive average relationship tenure of 13.02 years with its top 5 clients and 11.46 years with its top 10 clients, providing substantial revenue predictability.

Balance Sheet Deleveraging via Fresh Issue Proceeds: A primary objective of the ₹500.00 Cr fresh issue is the repayment and prepayment of outstanding corporate and subsidiary borrowings. Retiring this debt will meaningfully curtail finance costs which stood at ₹45.47 Cr in FY26 immediately expanding net profit margins and boosting post-listing return ratios

Key Risk Factors

High Customer Concentration and Top Client Dependency: The company is significantly reliant on a concentrated client base, with its top 10 customers accounting for 52.17% of FY26 operational revenue (and 49.84% in Q1 FY27). Its largest client alone contributed 30.05% of FY26 revenue. The loss of, contract renegotiation with, or financial deterioration of any key customer could severely impair business volumes and financial performance.

Geographic Concentration in North America and Regulatory Exposure: Fusion CX generates 88.71% of its revenue from outside India, with North America contributing 81.70% (and the United States specifically accounting for 73.54%) in FY26. This concentration leaves the business highly susceptible to US economic downturns, currency fluctuations, shifts in cross-border tax regulations, and rising anti-outsourcing sentiments or legislation in key international jurisdictions.

High Human Capital Costs and Elevated Workforce Attrition: As a labor-intensive BPO and CX service provider, employee benefit expenses represented a significant 65.62% of FY26 operational revenue (and 67.53% in Q1 FY27). Furthermore, voluntary attrition among CX personnel stood at 26.50% in FY26 and increased to 31.20% in Q1 FY27, creating ongoing recruitment costs, wage inflation pressures, and service consistency challenges.

Structural Disruption from Generative AI and Technology Evolution: Rapid technological advancements in Generative AI, natural language processing, and automated workflow tools pose a strategic risk to conventional customer support models. If clients develop in-house AI-driven capabilities or adopt autonomous self-service tools, demand for outsourced CX agents could decline. Moreover, the planned allocation of ₹61.15 Cr from fresh proceeds to upgrade proprietary tools (Arya and MindVoice) carries execution and adoption risks.

Short Contract Durations and Lack of Long-Term Commitments: Engagements with customers typically range from three to 60 months, with a majority having durations of less than 24 months. Most contracts contain termination provisions allowing clients to exit with limited or no notice and without financial penalty, exposing the company to sudden revenue volatility and continuous contract renewal cycles.

Financial Snapshot

In Cr

Metric	FY24	FY25	FY26
Revenue from Operations	991.32	1,329.30	1,818.14
EBITDA	104.62	197.78	329.87
EBITDA Margin	10.55%	14.88%	18.14%
Profit After Tax (PAT)	36.26	74.31	169.84
PAT Margin	3.66%	5.59%	9.34%
Basic EPS (₹)	2.85	5.85	13.36

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Fusion CX Limited
IPO Issue Size	2,42,90,657 shares (agg. up to ₹702 Cr) Fresh Issue 1,73,01,038 shares (agg. up to ₹500 Cr) Offer for sale 69,89,619 shares (agg. up to ₹202 Cr)
Price Band	₹275 – ₹289 per share
Face Value	₹1 per share
IPO Opening Date	14 October 2026
IPO Closing Date	16 October 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 99.03% → Post-IPO: ~81.82%
Book Running Lead Managers	Nuvama Wealth Management Limited, IIFL Capital Services Limited, Motilal Oswal Investment Advisors Limited
Use of Proceeds	• Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the Company and certain subsidiaries (₹275.70 Cr). • Investment in step-down subsidiaries (Omind Technologies Inc. and Omind Technologies Private Limited) for upgrading IT tools like Arya and MindVoice (₹61.15 Cr). • Pursuing inorganic growth through unidentified acquisitions and other strategic initiatives, and general corporate purposes.

Valuation and Outlook

At the upper price band of **₹289**, Fusion CX Limited commands a FY26 P/E of **24.56x**, implying a post-issue market capitalization of ₹4,172.01 Cr. This attractive valuation is firmly supported by stellar growth, with FY26 operational revenue up 36.77% to ₹1,818.14 Cr, an 18.14% EBITDA margin, and Restated PAT surging 128.5% to ₹169.84 Cr. The company benefits from long-standing client relationships (11.46-year average tenure for top 10), an established North American footprint, and immediate balance sheet deleveraging via ₹275.70 Cr debt repayment. Although high client concentration (top 10 drive 52.17%), elevated workforce attrition, and Generative AI disruption remain structural concerns, robust earnings growth provides a comfortable margin of safety. We recommend a **Subscribe stance** for medium- to long-term investors. Key monitorables include the adoption of proprietary AI tools (Arya and MindVoice), client retention in core telecom accounts, and employee attrition levels.

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