IPO NOTE

Fractal Analytics Limited
Ltd.

06th February 2026

Company Overview

Fractal Analytics Limited (FAL), founded in 2000, is a globally recognized enterprise artificial intelligence company that partners with large global enterprises to deliver data-driven insights and enable better decision-making through end-to-end AI solutions. The company offers its full suite of AI capabilities across two segments. Firstly, Fractal.ai comprises AI services and products, primarily hosted on Cogentiq, its flagship agentic AI platform, which enables enterprises to accelerate product development and upgrades through a prebuilt suite of agents, tools, and connectors, supported by low-code capabilities and robust security, governance, auditability, and interoperability features. The second segment, Fractal Alpha, houses the company's AI businesses. FAL works closely with clients across the entire AI transformation lifecycle, from ideation and development to enterprise-wide adoption. As of September 30, 2025, the company served 122 MWCs (Must Win Clients), with a client roster that includes Citibank, Costco, Franklin Templeton, Mars, Mondelez, Nationwide, Nestle and Philips, among others, and had worked with a majority of the Magnificent Seven companies as of March 31, 2025. The company has deep domain expertise across consumer-packaged goods and retail (CPGR), technology, media and telecom (TMT), healthcare and life sciences (HLS), and BFSI. By FY25 revenue rankings, FAL has engaged with 10 of the top 20 CPG companies, 8 of the top 20 TMT companies, 3 of the top 20 BFSI companies, 10 of the top 20 HLS companies and 5 of the top 20 retail companies. Notably, the company has maintained long standing relationships with its top ten clients, with an average association exceeding eight years.

Objects of the issue

Out of the total issue size of Rs. 2,834 crores, Rs. 1,810 crores comprise OFS.
The company proposes to utilize net proceeds (Rs. 1,024 crores) from the issue towards the following objects:

- Investment in one of its subsidiaries, Fractal USA, for pre-payment and/ or scheduled repayment, in full or in part, of its borrowings;
- Purchase of laptops;
- Setting-up new office premises in India;
- Investment in (a) research and development; and (b) sales and marketing under Fractal Alpha; and
- Funding inorganic growth through unidentified acquisitions and other strategic initiatives, and general corporate purposes.

Investment Rationale

Well-positioned to benefit from a rapidly expanding AI landscape and capitalize on emerging growth tailwinds

The company is well-positioned to capitalize on strong structural tailwinds in the global data, analytics, and AI (DAAI) market, which is witnessing rapid adoption as enterprises increasingly embed AI into core decision-making and operational processes. As enterprises face challenges in navigating a fast-evolving technology landscape and accessing specialized talent, demand is shifting toward third-party providers with end-to-end DAAI capabilities. With offerings spanning consulting, technology services, software solutions, and AI products across the entire DAAI value chain, the company addresses a large and expanding total addressable market, estimated at USD 143 billion (Rs. 12 trillion) in FY25 and expected to grow at a CAGR of 16.7% through FY30. The increasing preference of large enterprises to consolidate AI engagements with a single, integrated partner further strengthens the company's competitive positioning. This favorable demand environment is complemented by a sustained strategy of investing in AI research and product innovation to stay ahead of technology cycles. The company continues to identify emerging AI trends and undertake fundamental research in areas such as generative AI, quantum computing, and computational neuroscience, translating these efforts into scalable, enterprise-ready solutions. Its focus on building agentic systems across knowledge, reasoning, and action layers, along with the development of proprietary foundation and reasoning models, enhances differentiation and supports long-term relevance as AI use cases become more complex and mission-critical.

Issue Details	
Offer Period	09th Feb. 2026 - 11th Feb. 2026
Price Band	Rs. 857 to Rs. 900
Bid Lot	16
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	3.1
Issue Size (Rs. in Cr.)	2,834
Face Value (Rs.)	1
Issue Structure	
QIB	75%
NIB	15%
Retail	10%
BRLM	Kotak Mahindra Capital Company Ltd., Axis Capital Ltd., Morgan Stanley India Company Pvt. Ltd., Goldman Sachs (India) Securities Pvt. Ltd.
Registrar	MUFG Intime India Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	18.2%	5.3%
Public	81.8%	94.7%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Strong project pipeline with visibility towards near-term cash flows

The company's ongoing projects and forthcoming projects, along with their ability to sell throughout the construction phase, provide visibility into near-term cash flows. As of December 31, 2024, the company had 25 ongoing projects, six forthcoming projects, and five planned projects, primarily across key micro-markets in the Mumbai Metropolitan Region (MMR). These projects are expected to benefit from the infrastructural development underway in Greater Mumbai and the MMR, thereby achieving long-term sustainability and increasing the carrying capacity of the city's transportation networks. This, in turn, will improve traffic and transportation capacity in the MMR, both in terms of capacity and quality. Additionally, the company's flagship developments, such as Kalpataru Parkcity in Thane, are positioned as "destination developments," thereby strengthening the brand's presence. The substantial development pipeline provides a competitive edge and supports the company's continued leadership in MMR's high-demand real estate market.

Valuation

India's real estate sector is projected to reach USD 1 trillion by 2030 and contribute 13% to GDP by 2025. This strong growth is driven by urbanization, rising incomes, and policy support; between 2019 and 2023, the top seven cities saw robust housing demand with 4.76 lakh units absorbed in 2023 alone, leading to a decline in unsold inventory to around 6 lakh units and the lowest inventory overhang in 6–7 years. As a prominent player with a well-established brand name, Kalpataru, backed by an experienced and qualified management team, the company is well-positioned to capitalise on these growing trends in the Indian real estate industry. The company has maintained its focus on the MMR and Pune regions, with a strong project pipeline. They are working towards the timely completion of these projects, as this will generate cash flow and enable them to unlock potential value in their existing land reserves. Additionally, the company is exploring new opportunities, including redevelopment, JDA and JV projects. The company currently has 13 such ongoing projects, including five redevelopment projects, two joint venture projects, and six joint development agreements. Financially, the company's revenue declined from Rs. 36,332 mn in FY23 to Rs. 19,300 mn in FY24, while the 9MFY25 revenue stands at Rs. 16,247 mn. According to management, the topline for FY23 was higher due to one-time income from the sale of its land parcel, and corresponding adjustments of overheads, etc., resulted in higher losses of Rs. 2,268 mn in FY23, which narrowed to Rs. 1,138 mn in FY24. This was also because of the reduction in the company's interest cost from Rs. 1,303 mn in FY23 to Rs. 342 mn in FY24. In 9MFY25, the company turned profitable, reporting a profit of Rs. 55 mn. The company's management is confident that it can further enhance its financial performance and maintain its profitable status in the years to come, given its ongoing projects. Further, as of March 27 , 2025, the company converted Rs. 14,400 mn worth of unsecured debentures into equity shares, which will reduce debt and increase capital. Additionally, the company may monetize land reserves and explore joint ventures to unlock value, while managing financial risks through refinancing and strategic debt repayment to reduce borrowing costs. **The company also plans to use the funds raised from this IPO to repay its debt. The company is currently valued at a P/E ratio of 554x on the upper price band, based on FY25 annualized earnings, which is comparatively higher than its peers. Although the company's ongoing projects in high-growth cities, favourable industry dynamics, and intention to repay debt position it well for long-term growth, the company's debt and high valuation make it a risky bet; hence, we recommend an "AVOID" rating for this issue. We will reassess our recommendation if there is a sustained improvement in the company's debt structure and valuation metrics in future.**

Key Risks

- The company has incurred net losses in the past, and any potential losses in future periods could adversely affect its financial health, results of operations, and cash flows.
- As of December 31, 2024, 94.84% of the company's real estate development projects were located in and around the Mumbai Metropolitan Region and Pune. As a result, the company remains exposed to risks arising from economic, regulatory, political, and other changes in these regions, which could adversely impact its business, operating results, and financial condition.
- The company is exposed to risks associated with land acquisition, including limited land availability, rising competition, and complex regulatory requirements, which may adversely impact its business, operational results, and financial condition.

Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Revenue from operations:	1,985	2,196	2,765	1,559
Total revenue from operations	**1,985**	**2,196**	**2,765**	**1,559**
Expenses				
Cost of Material Consumed	1,609	1,737	2,005	1,125
(Increase)/decrease in Inventories of Finished Goods and Work-in-Progress	159	96	80	27
Purchase of stock in trade	335	290	331	207
Total operating expenses	**2,102**	**2,123**	**2,416**	**1,359**
EBITDA	**-116**	**73**	**350**	**200**
Depreciation & amortization	78	83	102	64
EBIT	**-195**	**-10**	**248**	**136**
Finance costs	45	45	58	23
Other Income	58	46	51	35
PBT Before EI	**-182**	**-9**	**241**	**148**
Share of (loss) of an associate	-29	-16	-30	-45
Exceptional items (loss) /gain	524	-6	27	-5
PBT	**313**	**-30**	**238**	**99**
Current tax	18	33	56	28
Deferred tax	101	-8	-38	-1
Total tax	**119**	**24**	**17**	**28**
Net Profit	**194**	**-55**	**221**	**71**
Diluted EPS	**12.4**	**-3.1**	**13.4**	**4.1**

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25	H1FY26
Cash Flow from operating activities	-31	160	397	-21
Cash flow from/(used in) investing activities	125	-150	-181	-202
Net cash flows (used in) / from financing activities	-57	-145	-22	59
Net increase/(decrease) in cash and cash equivalents	**37**	**-136**	**194**	**-164**
Cash and cash equivalents at the beginning of the period	**176**	**217**	**71**	**274**
Cash and cash equivalents at the end of the period	**213**	**81**	**265**	**110**

Source: RHP, BP Equities Research

Source:RHP,StoxBox

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Assets				
Non-Current Assets				
Property Plant & Equipment	41	23	32	65
Right of use Assets	47	117	160	141
Goodwill	348	351	358	369
Other tangible assets	123	136	137	159
Intangible assets under development	1	6	14	35
Investment accounted for using the equity method	448	426	426	382
Financial Assets				
(i) Investments	1	8	6	7
(ii) Other Financial Assets	27	17	19	31
Deferred tax assets (net)	40	48	56	62
Income tax assets (net)	16	19	19	28
Other non-current assets	4	1	6	1
Total Non-Current Assets	**1,095**	**1,152**	**1,233**	**1,279**
Current Assets				
Financial Assets				
(i) Investments	291	446	561	672
(ii) Trade Receivables	501	533	585	620
(iii) Cash & Cash Equivalents	213	81	265	110
(iv) Other Bank Balances	7	7	23	0
(v) Loans	27	28	30	32
(vi) Other Financial Assets	0	7	4	2
Other Current Assets	115	139	156	250
Total current assets	**1,154**	**1,240**	**1,625**	**1,686**
Total Assets	**2,249**	**2,392**	**2,858**	**2,965**
Equity and Liabilities				
Equity Share Capital	3	3	3	14
Other Equity	1,340	1,403	1,750	1,958
Equity attributable to owners of Parent	**1,343**	**1,406**	**1,753**	**1,973**
Non-Controlling Interest	20	14	12	7
Total Equity	**1,363**	**1,420**	**1,765**	**1,980**

Source: RHP,StoxBox

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	H1FY26
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	322	250	258	264
(ii) Lease liabilities	24	91	127	110
(iii) Other financial liabilities	14	31	45	45
Provisions	12	19	19	19
Deferred Tax Liability	102	102	69	69
Total Non-Current Liabilities	**474**	**493**	**518**	**507**
Current Liabilities				
Financial Liabilities				
(a) Current Borrowings	4	0	9	11
(b) Lease Liabilities	27	22	36	38
(c) Trade Payables	57	51	62	83
(d) Other Current Financial Liabilities	187	245	291	203
Other Current Liabilities	124	141	165	124
Current Provisions	11	15	6	5
Current Tax Liabilities (Net)	2	5	6	15
Total Current Liabilities	**412**	**479**	**575**	**479**
Total Liabilities	**885**	**972**	**1,092**	**986**
Total Equity and Liabilities	**2,249**	**2,392**	**2,858**	**2,965**

Source: RHP,StoxBox

STOXBOX

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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Corporate Office :
4th floor, Rustom Bldg, 29, Veer Nariman Road, Fort, Mumbai-400001
Phone- +91 22 6159 6464 | Fax-+91 22 6159 6160 | https://stoxbox.in/

Registered Office :
24/26, 1st floor, , Cama Building, Dalal street, Fort, Mumbai-400001