

fractal

Before the Bell: IPO Edition

by

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Company Overview

- Fractal Analytics, founded in 2000, is India's leading pure play enterprise data, analytics and artificial intelligence (DAAI) company with a comprehensive presence across the AI value chain.
- Fractal is focused on building proprietary AI intellectual property across healthcare, creative AI, reasoning systems and enterprise automation. Its portfolio includes Vaidya for medical multimodal intelligence, Kalaido.ai for multilingual image generation, Project Ramanujan for advanced reasoning models and many more.
- Fractal operates through two segments: Fractal.ai and Fractal Alpha.
 - Fractal.ai provides AI services and products, with offerings largely hosted on Cogentiq, its flagship agentic AI platform, that helps enterprises build and modernize products using various features.
 - Fractal Alpha comprises independent AI ventures that serve Fractal.ai's core markets while also expanding into new customer segments and geographies, each run under separate management.
- **Competitive Advantages:**
 - **Leading Global Player in a Growing AI Market:** Company has achieved global recognition through various Industry awards.
 - **Global Market Presence:** Operations across multiple regions reduce dependence on any single geography and support multinational client engagements.
 - **Interdisciplinary Expertise through Acquisitions & Organic Growth:** Strong cross-functional capabilities built through combination of strategic acquisitions and internal capability development.
- **Risks/Challenges:**
 - **Threat of New Entrants:** With DAAI continues to grow rapidly, new entrants with differentiated offerings may pose a threat.
 - **Changing Macroeconomic Conditions:** Persistent inflationary pressures, ongoing tariff discussions, and geopolitical tensions can have a severe impact.
 - **Talent Retention & Upskilling:** Rapid changes in AI technologies have created challenges in acquiring and retaining the right talent.

Financial Overview

(Amount in INR Crores)

Income Statement	FY 2022A	FY 2023A	FY 2024A	FY 2025A
Revenue from Operations	1,295	1,985	2,196	2,765
EBITDA	(65)	437	97	398
PBT	(148)	313	(31)	238
PAT	(148)	194	(55)	221

Revenue by Segment (FY 2025)*:

- Fractal.ai:
 - Revenue: INR 2,704 (97.77%)
 - Result: INR 379
- New Initiatives:
 - Revenue: INR 64 (2.33%)
 - EBITDA: (INR 28)

*The difference in total revenue compared to Segment breakup is due to inter-segment revenue exclusion.

Key Points:

- Revenue continues to grow strongly, driven almost entirely by the Fractal.ai segment.
- Despite revenue growth, EBITDA margins have fallen from 22% in FY 2023 to 4% in FY 2024 to 14% in FY 2025.
- The Company reported a profit of INR 194 crores in FY 2023, followed by a loss of INR 55 crores in FY 2024, before returning to profitability with a profit of INR 221 crores in FY 2025.

Important Points

- The Company derives approx. 92% of its revenue from markets outside India. Any challenges or risks in managing its global operations would have an adverse impact on the business.
- The Company receives more than 90% of its revenue each year in currency other than Indian Rupees and more than 70% of its revenue from operations in US Dollars. Significant exchange rate fluctuations would have an adverse impact on the business.
- **Financial Summary for Six-months ended 30th September, 2025:**
 - Revenue: INR 1,559 Crores
 - EBITDA: INR 186 Crores
 - PAT: INR 71 Crores
- **Revenue by Segment (Six-months ended 30th September, 2025)*:**
 - Marketplace:
 - Revenue: INR 1,518 Crores
 - Results: INR 218 Crores
 - New Initiatives:
 - Revenue: INR 45 Crores
 - Results : (INR 7 Crores)

**The difference in total revenue compared to Segment breakup is due to inter-segment revenue exclusion.*

- One of the Company's Promoter and Whole-time Director and group chief executive and executive vice-chairman has pledged 1.87% of the pre-Offer Equity Share capital in favor of 360 ONE Prime as security for a personal loan.

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