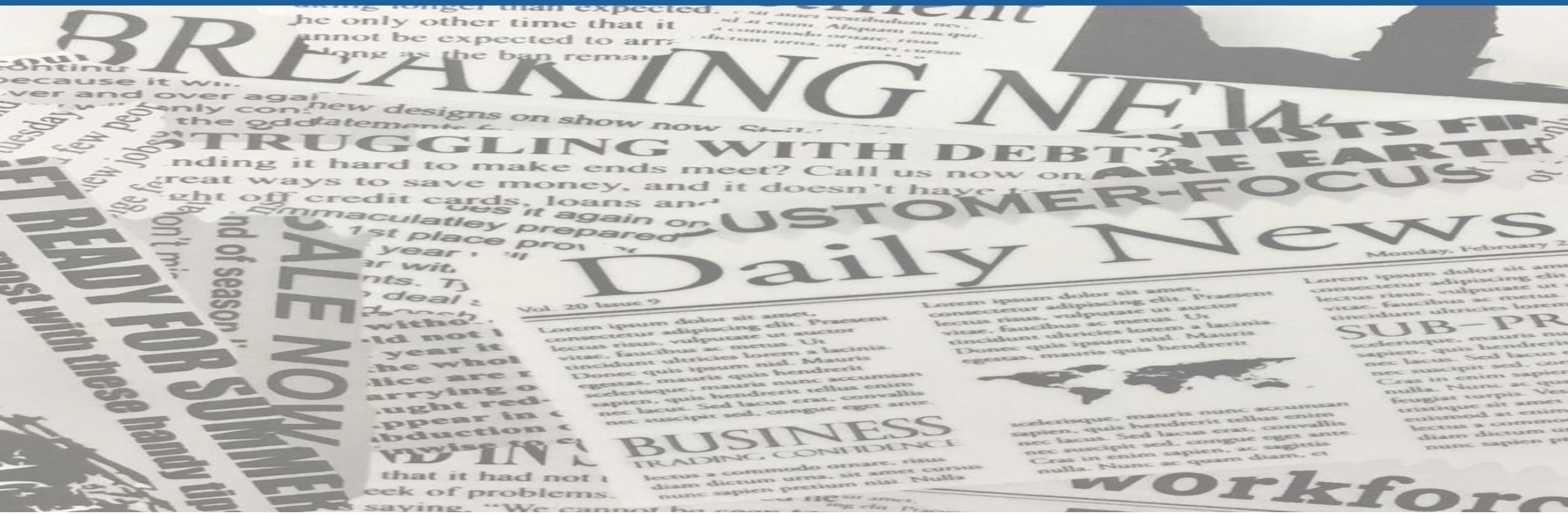




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RESEARCH & CONSULTANCY

THE INDIAN INFOWAVE: YOUR WEEKLY PULSE

❖ Finance, Valuation & Fund Raising



Research Articles published this week

➤ **True Cost of Ownership: Analyzing ESOP Expense Across India's Startup Ecosystem**

We analyzed ESOP expense across Indian startups and found they represent a major cost – up to 30% of employee expenses, compared to 1% in traditional IT firms. ESOP costs rise with valuation and scale, though many startups saw a dip in FY24. These expenses play a crucial role in valuations, compliance, and employee retention, making them strategic financial levers.

Link: <https://finvalresearch.in/insight/2025/07/29/esop-expense-trends-startups/>

➤ **India's Semiconductor Surge: Project & Timelines**

India's semiconductor industry is accelerating, with plans to launch its first indigenous chip by end-2025 and eight fabs under development. Backed by ₹76,000 crore in incentives and strong state support, the sector targets self-reliance, job creation, and reduced import dependence. Government initiatives like the Semicon India Program and ISM aim to build a robust, globally competitive semiconductor ecosystem.

Link: <https://finvalresearch.in/insight/2025/07/19/%f0%9f%9a%80-indias-semiconductor-surge-project-timelines/>

Research Articles published this week

➤ **Corporate Guarantee Valuation under IND AS 109: Methods, Compliance & GST Insights for CFOs**

Corporate guarantees must be fairly valued under IND AS 109/IAS 109, using methods like market value, credit spread, and contingent claims. CFOs must ensure compliance, transparency, and correct GST application—especially with new July 2024 guidelines. Proper valuation reflects true financial health, aids in strategic decision-making, and is essential for regulatory and investor trust.

Link: <https://finvalresearch.in/insight/2025/07/26/corporate-guarantee-valuation-under-ind-as-109-methods-compliance-gst-insights-for-cfos/>

➤ **China's Export Regulation on Rare Earth Elements**

China's April 2025 export restrictions on seven rare earth elements have disrupted global supply chains, impacting industries like EVs, defense, and electronics. As China controls 90% of REE refining, nations like India and the U.S. face production delays. This move is accelerating efforts to diversify supply, invest in alternatives, and build non - Chinese refining capacity.

Link: <https://finvalresearch.in/insight/2025/08/01/chinas-export-regulation-on-rare-earth-elements/>

❑ Lending startup Fibe raises ₹225 Cr via NCDs to fuel growth

Fibe, a Pune-based digital lending platform, has raised ₹225 crore (~\$27 million) via a non-convertible debenture (NCD) issue in July 2025, with participation from key institutional investors including Franklin Templeton's India Alternative Investment Fund. The funds will enhance Fibe's loan disbursement capacity and support its expansion amid growing demand for personal credit in India. **Fibe turned profitable in FY25, reporting a PAT of ₹101.2 crore (up 83% YoY) and a 46% revenue growth to ₹1,033 crore, mainly driven by a 43% rise in interest income.** The latest debt raise follows last year's ₹560 crore debt issuance and builds on earlier equity infusions, positioning Fibe for continued growth in India's booming digital credit market.



Brief on India's Fintech Market: The value of the FinTech market in India was estimated to be approx. USD 689 billion as of 2023. The market is expected to reach USD 2.1 trillion by 2030, expanding at a predicted CAGR of 18% in the 2023 to 2030 period.

Source: Pwc

Finval Analysis: Fundraise decision reflects strong confidence in its business fundamentals and a strategic focus on scaling its loan book without diluting ownership. Being in profitable position, **it can leverage debt at 10–11% interest to fund higher-yield loans**, boosting returns on equity in a bank-like model. Fibe's performance is notable amid peers like KreditBee, MoneyTap, and CASHe, many of which remain unprofitable. Regulatory scrutiny from the RBI remains high, but Fibe's low NPAs and ability to attract institutional capital demonstrate prudent risk management. Fibe is well-positioned to capitalize on India's fast-growing, mobile-first consumer credit market—provided it continues to maintain disciplined underwriting amid its rapid scaling.

□ STAN social gaming platform raises \$8.5 million

India's STAN, a social gaming platform, raised \$8.5 million led by Japanese giants—Bandai Namco, Square Enix, Reazon—alongside Google's AI Futures Fund and Aptos Labs.

The startup plans to use the fresh capital to expand its presence in India and other mobile-dominant markets and notably, a gaming major Nazara Technologies acquired a **15.86% stake in STAN for INR 18.4 Cr**, in September last year



Finval Insight

Brief on India's Gaming Market: It is projected to grow from \$5.83 Billion in 2025 to \$22.53 Billion by 2034, exhibiting a CAGR of 16.20% during the forecast period (2025 - 2034). Additionally, the market size for India Gaming Market was valued at USD 5.21 billion in 2024.

Source: Market research future

Finval Analysis: This cross-border strategic investment positions STAN at the intersection of gaming, IP, and AI. For private investment evaluation, user metrics, monetization strategy, and product-led growth matter. STAN is carving a unique niche by enabling streamers, YouTubers, and esports pros to monetize their fandom—positioning itself as a localized blend of Twitch and Discord.

Despite achieving 25 million downloads, the key challenge lies in converting users into paying customers in a market traditionally hesitant to spend beyond in-game purchases.

❑ **Indian VC funding collapses ~42% YoY to \$621 million in July 2025**

July saw a sharp contraction in venture capital to Indian startups, with total raises falling to \$621 million—a 42% decline year-on-year. The pullback is concentrated, but mid-sized AI and SaaS companies still secured rounds, highlighting a bifurcated funding environment where differentiated value propositions win.



Finval Insight

Brief on Indian VC Market: India’s venture capital (VC) landscape demonstrated resilience and recovery in 2024, with funding rebounding to \$13.7 billion—1.4x the 2023 levels.

Finval Analysis: Capital scarcity shifts bargaining power to investors demanding clarity on unit economics and path to sustainable margins. We recommend prioritizing verticalized AI/SaaS businesses with defensible data moats and recurring revenue over broad “market capture” narratives that lack profitability roadmaps.

Overview of Global VC/Growth investments (\$B)



□ **Jeh Aerospace raises \$11M for aerospace manufacturing startup**

Atlanta and Hyderabad-based Jeh Aerospace has raised \$11 million in a Series A round led by Elevation Capital. Founded in 2022 by former Tata Boeing and Sikorsky executives, the startup specializes in high-precision aerospace & defense components enabled by software-defined manufacturing. Jeh Aerospace will use the funds to build mega-factories and expand its workforce across the US and India. **The company has delivered over 100,000 flight-critical parts and secured \$100 million in long-term contracts to date.** This new capital comes shortly after a strategic investment by IndiGo's venture arm in mid-2025, underscoring growing investor interest in Indian aerospace startups.



Brief on India's Aerospace & Defense Market: experiencing substantial growth, with an estimated size of \$28.68 billion in 2024, Projections indicate a compound annual growth rate (CAGR) of approximately 7.10% through 2034, potentially reaching \$56.95 billion.

Finval Analysis: Jeh Aerospace stands out through its software-defined manufacturing approach—blending automation, AI, and advanced software—to deliver high-quality aerospace components at scale, addressing the industry's growing need for agile and precise production. With the global aerospace parts **market expected to grow from \$913 billion in 2023 to \$1.32 trillion by 2032**, Jeh's dual presence in the U.S. and India reflects a strategic “friend-shoring” model, combining customer proximity with India's cost and talent advantages. Supported by leading VCs and IndiGo, Jeh is well-positioned to meet the rising demand for locally made aircraft parts as India promotes self-reliant defense manufacturing.

□ SixSense gets \$8.5 M to bring AI into semiconductor manufacturing

It's an AI-driven platform for semiconductor manufacturing, that has raised \$8.5 million in an early-stage round. Founded by engineers, the startup leverages AI to analyze sensor data and process logs from wafer fabrication, enabling chipmakers to detect defects, predict equipment failures, and optimize processes—ultimately boosting yield and reducing costs. With **plans to expand** into key semiconductor hubs like **Malaysia, Taiwan, and the U.S.**, and to partner with AI-first equipment makers. The funding will also support R&D for more advanced manufacturing nodes, helping fabs extract greater value from even marginal yield improvements.



Finval Insight

Brief on India's Semiconductor manufacturing Market: India's semiconductor market is expected to grow from \$52 billion (Rs 4.5 trillion) in 2024 to \$103.4 billion (Rs 9 trillion) by 2030.

Source: IECA

Finval Analysis: By offering AI-driven yield enhancement and defect detection solutions, SixSense targets a mission-critical area where even marginal improvements translate into substantial financial gains. Traditionally dominated by industrial giants like KLA and Applied Materials, this space is now seeing disruption from nimble players like SixSense, backed by Sequoia's Peak XV. The company's success hinges on demonstrating ROI through tangible improvements in chip yields or faster process optimization. Geopolitical shifts and fab diversification further increase SixSense's market opportunities, while successful pilot integrations could make it a prime acquisition target.

Important Terminologies

- **Non-Convertible Debentures (NCDs)** are long-term debt instruments used by companies to raise funds at fixed interest rates, without giving investors any option to convert the debt into equity shares of the company.
- NCDs can be
 1. Secured (backed by specific assets of the company)
 2. Unsecured (only backed by the issuer's creditworthiness).

For companies like Fibe (see Story 1 above), issuing NCDs is a way to access debt capital markets and diversify funding sources without diluting equity.

Investors in NCDs benefit from a fixed income stream, but they must evaluate the default risk since there's no conversion to equity even if the company's value grows.

About US

Founded in 2011, we are a boutique consulting firm focused on providing world class financial consulting, valuations and corporate finance services.

Managed and advised by Registered Valuers with more than 70 years of cumulative experience and more than 200 valuation assignments.

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- Financial Due diligence
- M&A Transaction and Deal structuring
- End to end solutions for fund raising
- Stressed Asset Consulting

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- Valuation of Purchase Price Allocation
- Fair value valuations as per IND AS Companies Act
- Valuations for regulatory requirements for SEBI, RBI, Income Tax
- Valuation of Securities for M&A and Fund raising

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