

VSJ ASSOCIATES

How We Work – Our Investment Advisory Process

About VSJ Associates

VSJ Associates is a corporate and investment advisory firm based in Coimbatore. We help qualified companies raise funds for growth, expansion, acquisitions, and corporate needs through equity or structured debt solutions.

We work with a network of national and international investors, including High Net-Worth Individuals (HNIs), Fund Houses, Family Offices, and Private Credit Funds across India, Southeast Asia, and the Middle East.

Important: VSJ operates purely as an advisory and facilitation firm. We do not act as lenders, investors, brokers, or guarantors of funds.

What We Specialize In

Growth Capital Through Equity

We connect companies with investors who can provide equity capital through:

- Domestic equity investments
- Foreign Direct Investment (FDI), subject to Indian regulations

We can also connect investee companies with professional advisors for legal, regulatory, and compliance requirements.

Growth Capital Through Structured Lending

Unlike traditional bank loans that focus on collateral, structured lending focuses on the company's cash flow and revenue potential. This allows growing companies to access capital without diluting equity ownership.

Our structured lending solutions include:

- Private credit
- Invoice financing
- Revenue-based lending
- Lease financing
- Customized debt solutions tailored to the industry

Our 3-Step Process

Every engagement follows three clear stages:

1. **Initial Evaluation** – We assess the company's fundraising potential
2. **Facilitation & Matching** – We connect the company with suitable investors
3. **Transaction Support** – We guide the company through to closure

Step 1: Initial Evaluation

How It Starts

Companies can contact us directly or through our authorized Customer Acquisition Teams (CATs).

Please note: VSJ is not responsible for any payments made to unauthorized third parties or previous experiences companies may have had with other brokers.

Initial Assessment

Once a company reaches out, we'll ask them to submit preliminary documents so we can assess the opportunity. This typically involves:

- Initial calls with coordinators or CATs
- An exploratory conference call with decision-makers (promoters, founders, or directors)
- Evaluation of fundraising potential

Our Decision

After reviewing preliminary documents and discussions, we will either accept or decline the engagement. We may decline if:

- Documents are unsatisfactory or incomplete
- There are compliance issues
- There are concerns about anti-money laundering (AML) or regulatory risks

Step 2: Formal Engagement

Getting Started

Once we accept an assignment, the investee company will need to:

- Pass a board resolution appointing VSJ as their exclusive investment advisory partner

- Provide a formal appointment letter
- Sign the Client Engagement Agreement and Non-Disclosure Agreement (NDA)

Single Point of Contact

The company must appoint one person, preferably a decision-maker, to communicate with VSJ throughout the process. This ensures smooth and efficient coordination.

Documentation Requirements

Pitch Decks, Financial Models & Reports

Company's Responsibility:

All pitch decks, financial models, feasibility reports, investor presentations, and supporting documentation must be prepared, owned, and provided solely by the investee company.

VSJ Associates does not prepare pitch decks, financial models, or financial reports as part of our standard scope.

The company is fully responsible for ensuring that all documents are:

- Accurate
- Complete
- Compliant with regulations
- Investor-ready

Where to Get Professional Documentation

We recommend working with reputable firms such as:

- Deloitte Touche Tohmatsu India LLP
- KPMG Assurance and Consulting Services LLP
- PricewaterhouseCoopers (PwC) Private Ltd.
- EY India
- Grant Thornton

If these firms are beyond the company's budget, we can refer them to other professional firms in our network that specialize in investment reporting and financial modeling.

Optional Assistance from VSJ

If the company explicitly requests assistance from VSJ with:

- Pitch deck structuring
- Financial model review
- Report refinement or presentation alignment

Such assistance is:

- **Optional** – Only provided if the company requests it
- **Chargeable** – Fees apply only if this service is needed
- **Priced based on requirements** – Costs determined by mutual agreement in writing

No assistance charges apply unless the company formally requests help and we agree on terms in writing.

Third-Party Consultant Costs

If investors require reports from external consultants (Big 4 firms or others):

- The company will directly appoint and pay these consultants
- VSJ will not collect, route, or invoice any such payments
- All third-party costs are borne entirely by the company
- These payments are non-refundable
- VSJ has no financial responsibility for these costs

Step 3: Facilitation & Matching

Our Due Diligence

Using the professional reports provided by the company, we conduct a first-level review of the business and investment opportunity.

Investor Outreach

We share the opportunity with our investor network to assess interest levels. Any questions from investors will be routed to the company for answers.

Handling Investor Discussions

VSJ manages all preliminary discussions with investors. We only arrange direct meetings between the company and investors if they specifically request it.

If Investors Want to Meet

When investors request in-person meetings, either in India or overseas, the company will be responsible for all associated costs.

Travel, Meetings & Related Expenses

Company's Responsibility:

All costs related to investor engagement are borne entirely by the investee company, including:

- Travel (domestic and overseas)
- Accommodation
- Meeting venues
- Logistics and coordination
- Site visits
- Factory visits
- Any other related expenses

These expenses are:

- Direct business expenses of the company
- Non-recoverable
- Not reimbursable by VSJ Associates

Meeting Standards:

- All outstation meetings must be held in professional settings (meeting rooms in minimum 5-star hotels)
- We do not conduct business meetings in dining rooms, coffee shops, or informal settings
- Air travel is the standard mode of transportation for business meetings

Understanding Investor Response

What Happens Next

Investors will review the opportunity and may:

- Accept and move forward
- Reject the proposal
- Request additional information or meetings

If an investor rejects the proposal, we'll communicate this to the company and approach the next investor in our network.

Moving Toward a Term Sheet

If an investor is interested, they may:

- Request site visits to the company's facilities
- Want to meet customers or vendors
- Conduct preliminary assessments

Once satisfied, the investor may issue a Term Sheet or Definitive Investment Agreement.

Critical to understand: A Term Sheet is only an expression of interest, not a confirmed investment. The investor will still need to complete their detailed due diligence before finalizing the investment.

The Transaction Phase

Detailed Due Diligence

After the Term Sheet, the investor conducts comprehensive due diligence covering:

- Financial performance
- Legal and regulatory compliance
- Business operations
- Market position

Finalizing the Deal

The company, the investor, and VSJ will work together to decide on:

- Investment structure (equity, debt, or hybrid)
- Investment amount and tranches
- Roles and responsibilities
- Legal and accounting requirements

Documentation and Legal Formalities

For equity investments:

- Share Purchase or Subscription Agreements will be prepared

For debt investments:

- Non-Convertible Debentures (NCD), Compulsorily Convertible Debentures (CCD), or other legally acceptable structures will be used

All necessary documentation for domestic or FDI investments will be prepared according to state and central government requirements.

Note for FDI: If the company is receiving Foreign Direct Investment, they will need to work with their banks, RBI, DPIIT, and other authorities to fulfill all requirements for receiving foreign funds.

Fund Transfer

Once all documentation is complete and due diligence is satisfied, funds are transferred to the company's account.

VSJ's Fee Structure – No Advisory Fees

VSJ Associates does not charge any fees for our investment advisory services.

This means:

- ✓ No initiation fees
- ✓ No retainer fees
- ✓ No upfront fees
- ✓ No milestone-based fees
- ✓ No success or closure fees
- ✓ No performance fees
- ✓ No percentage-based charges on funds raised
- ✓ No transaction-based fees at any stage

VSJ's role is limited strictly to investment advisory, facilitation, and investor coordination, as agreed under the Engagement Agreement.

Important: The absence of fees does not guarantee successful fundraising or transaction closure. All investments remain subject to investor discretion, regulatory compliance, and successful completion of due diligence.

Company Responsibilities Throughout the Process

Document Accuracy

The company is fully responsible for providing accurate, complete, and investable documents. VSJ can guide them to the right consultants and resources, but the integrity and accuracy of information is entirely the company's responsibility.

Full Disclosure

The company must disclose:

- All related parties, subsidiaries, and close associations
- Off-balance sheet liabilities
- Non-accounting expenses
- All legal cases involving the company, subsidiaries, and key promoters
- Any IT raids, ED searches, SFIO inquiries, or other government investigations

Professional Standards

For all meetings, company representatives should:

- Wear formal attire for in-person meetings
- Maintain professional appearance for virtual meetings
- Use official email addresses for all correspondence

- Avoid sharing sensitive information via messaging apps
- Use Signal messaging platform for confidential discussions when needed

Preparation

VSJ provides onboarding sessions to help company representatives understand:

- What to discuss in investor meetings
- What commitments to make (or avoid)
- Professional presentation etiquette

Data Security and Confidentiality

VSJ takes client confidentiality seriously:

- We maintain strict data security protocols
- All client files are deleted 30 days after contract termination
- Companies may request copies of their data before deletion
- We respect data ownership at all times

Typical Timeline

Most engagements last **6 to 10 months**, though this can vary depending on:

- Investor response times
- Complexity of due diligence
- Regulatory approvals required
- External factors like government policy changes

The timeline may be extended if there are natural calamities, new laws affecting FDI, or issues that arise within the company during the process.

Minimum Deal Sizes

Based on investor preferences, we typically work with:

- **Equity Investment:** ₹50 Crores and above (USD 6.5 million)
- **Structured Lending:** ₹25 Crores and above (USD 3 million)
- **Sell-Side Advisory:** ₹25 Crores and above (USD 3 million)

Our Commitment to Clean Transactions

VSJ is committed to legal and transparent transactions:

- All payments must be made through banking channels only
- We do not accept cash payments
- We do not accept funds from individual savings accounts – all payments must come from authorized current accounts
- We only provide clean, bank-based, equity and structured lending solutions
- We strictly do not entertain unaccountable cash transactions or illegal options
- All agreements must be in place before any payments

Payment and Invoice Procedures

- All invoices are raised to the bank account from which funds are received
- Funds must come only from the company's or subsidiaries' authorized current accounts
- For foreign currency transactions, the company is responsible for currency hedging

If Things Don't Work Out

Our goal is to successfully help companies raise funds. However, if the engagement must be terminated due to circumstances beyond control:

- We will work with the company on a mutual termination agreement
- Any costs already incurred by the company (such as consultant fees, travel expenses, etc.) are non-refundable as they are genuine business expenses

Legal Framework

- All disputes will be resolved through arbitration
- Jurisdiction falls under the Madras High Court
- Please review this document carefully before committing to the engagement

Additional Services

VSJ handles most intermediaries and consultants on behalf of the company. If specialized external experts are needed beyond our network, the company will pay them directly.

VSJ Associates

Best Wishes

Summary: How We Work

1. **Company reaches out** → We assess the opportunity
2. **We accept** → Company formalizes the engagement with board resolution and agreements
3. **Company prepares documentation** → Works with professional firms to create investor-ready materials (or requests optional assistance from VSJ)
4. **We facilitate** → We present the opportunity to our investor network
5. **Investors respond** → We coordinate meetings and discussions
6. **Due diligence happens** → Investors evaluate the business thoroughly
7. **Deal closes** → Legal documentation is completed and funds are transferred

Throughout this process, VSJ acts as the company's advisor and facilitator, connecting them with the right investors and guiding them through each stage of the fundraising journey—**without charging any advisory fees**.

VSJ Associates

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Please note that VSJ Associates does not operate or communicate through Twitter, Instagram, Facebook, or any other social media platforms, nor do we use any email addresses other than the one stated above.