

# How does SharesVault go about Managing Non-IPO PE Deals?

[Shyamal Dave](#) | July 20, 2012 11:00 am

SharesVault is an online platform for fast growing unlisted companies and potential investors looking to invest in early stage unlisted companies. A registered investor on SharesVault platform can buy/sell shares of companies registered with SharesVault. Companies which are looking for funds for their expansion or other requirements can get funds through SharesVault just by diluting minimal stake. Venture Capitalists and Private Equity Firms who have invested in companies and helping them grow can also recommend those companies to get registered on SharesVault and VCs and PEs can also offload their investments in such companies. It helps company get visibility, branding and realistic market valuation without going through complex listing norms. SharesVault is a bridge between established Unlisted Companies seeking fund and investors searching a good investment opportunity. SharesVault is a boon for HNIs, Institutional Investors and Private Equity Funds.

Out of **3.5 crore** MSMEs in India, there are around **8,00,000** registered companies with RoC and this number is increasing year on year. There are also **1,53,000** crorepatis in India and this number is also increasing **20%** year on year. SharesVault will filter the Companies through strict due diligence of rating agencies, background check firms, valuation firms and then the eligible companies from amongst the lot shall be registered with SharesVault. This is also validated with the fact that there are only about 7000 companies listed on **BSE/NSE** despite high number of private limited companies in India. On the positive side, the **HNIs** with disposable income are really looking to invest small portion of money in established, fast growing companies. Stock Markets have not given any returns in India in last 4 years and **DOW Jones** has also moved up only **20%** in last **11** years. This shows that the growth story is with early stage, revenue generating, profitable companies with innovative ideas. What was considered to be a privilege of **VCs** and **PEs** so far is all set to change with HNIs also given an opportunity to participate in taking equity at early state for unlisted companies.

SharesVault is a platform to facilitate transactions for unlisted companies which are not listed with any stock exchanges in India and lack liquidity of their shares. SharesVault ensures strict disclosure and transparency norms to protect investors' interest besides serving the fund requirements of the registered companies. SharesVault is not a real-time exchange like BSE/NSE. It is free of any derivatives and this restricts speculative interests and fraudsters to a large extent. Companies can discover their real intrinsic value on this platform over a longer period of time.



*“We are targeting Unlisted Companies with 3 years of growing profits, sales, good clean management and those who have positive ratings from independent rating agencies and clean owners background. Individual/Institutional investors with surplus investible funds are considered as accredited investors in our platform,”* says **Roshan Shah**, one of the 5 co-founders of SharesVault. The other four are **Bhavik Shah, Rushik Shah, Keyur Shah. Bhaumik Vasavada** is the CEO.

SharesVault has a first mover’s advantage. An online platform for SMEs/Unlisted Companies at such a mass scale is not available in India at present. SharesVault is a transact-and-hold platform. The holding period is one week. Also the share-price information is not visible to non-accredited investors. Shares can be held in DEMAT form or in Physical form (via ESCROW services). They facilitate buying and selling of the registered companies on their website after complying with legal formalities. **They have ensured freedom from any regulatory issues because of this approach.**

After a soft launch in year 1, they are gradually looking to accelerate customer acquisition and product promotion activities via higher marketing budgets allocated to print, tv and online media. Founding partners’ connectivity with investors and companies is an added advantage. Three of the five founding partners who have put in their own money thus far in product development have run their own IT firms for at least last 7 years and have very solid technical background and a team to support and scale this venture. In long run, they are planning to scale the model to other developing countries by tying up with strategic partners operating in that space.

*“Legality of our product is the biggest challenge that we have faced so far. Filing RTI, appeals on RTI reply, calls to many government departments/ministries have been undertaken to clear the doubts. This took a lot of time and meetings and tweaking the business plan to ensure that we are in compliance with the law,”* says Roshan.

They are looking to raise capital once the product is ready so that they can address a bigger market. They have a simple motto: Company's Growth >> Investor's Growth >> SharesVault's Growth. They are looking to be cash positive in year 2.

***“If you have an idea, get married to that idea and start executing it. Plan and go for it!!”*** says Roshan, signing off with a really inspiring advice for budding entrepreneurs.