



## A perspective from private markets: Lenskart

A **10x** journey



# LENSKART : my learnings as shareholders from a six year journey, 12x outcome

Over the next half hour, we'll cover ideas around on ...



Management Quality



Growth investing

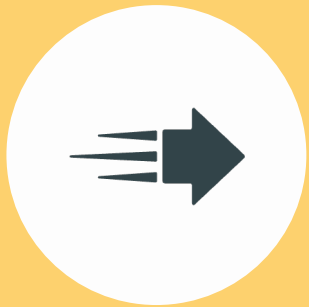


Private markets

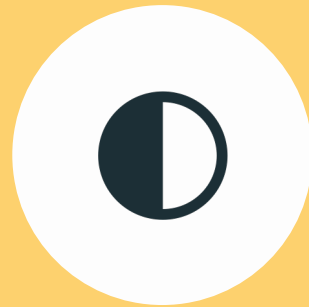


Ecommerce

# Expectations from this presentation



**These are ideas in  
evolution**



**Also consider the  
opposite view**



**Confidentiality**



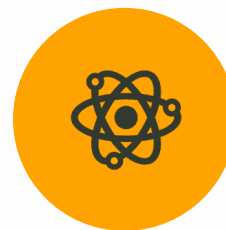
**Presentation + Q&A in the  
end**

CONTEXT

My thoughts are influenced by the different cities I've lived in the past 3 decades;  
I draw inspiration from my training in sciences and my love for art, cinema and music



THANJAVUR CHICAGO  
CHENNAI DELHI  
HYDERABAD  
MUMBAI BEIJING  
WASHINGTON-DC  
SINGAPORE  
NASHVILLE  
SINGAPORE  
JAKARTA



... also influenced by hyper growth in mobile/ internet adoption over the past decade and a rapid evolution of business models

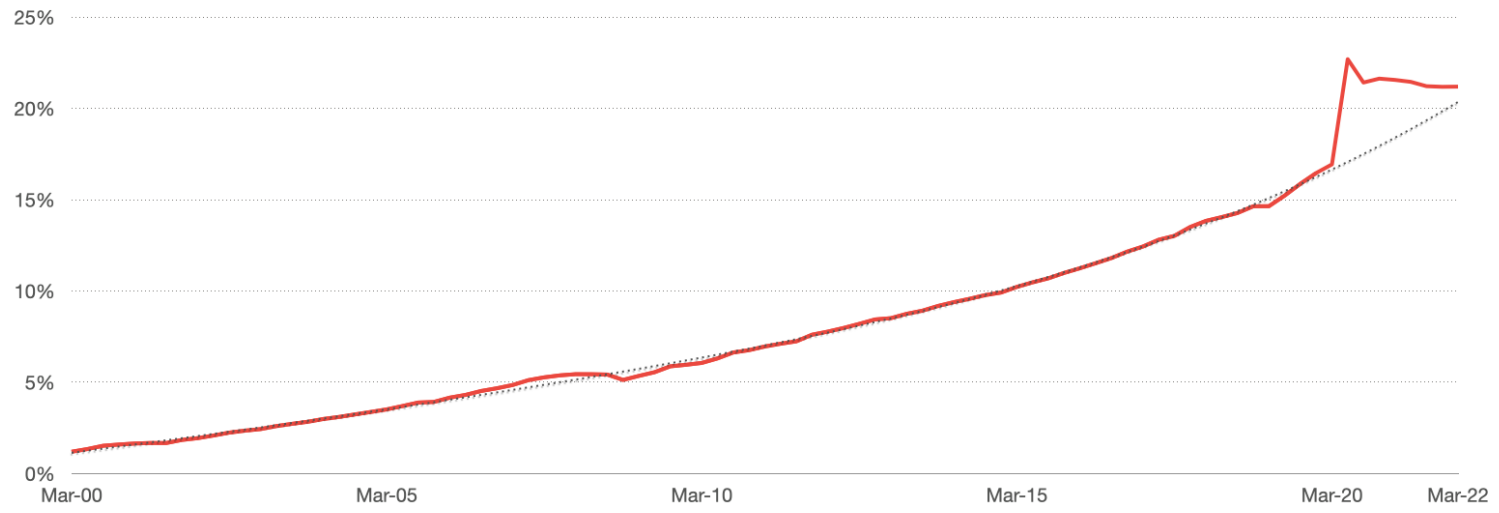
6 BILLION ADDITIONAL SMARTPHONES  
GLOBALLY DURING 2013 - 2023

GLOBAL E-COMMERCE GMV WENT UP BY \$5 TN. THAT'S A  
JAPAN IN GDP, >1.5X OF INDIA'S STOCK MARKET  
CAPITALIZATION

ACROSS COUNTRIES, WE SAW A SHARP JUMP IN  
ECOMMERCE ADOPTION DURING COVID LOCKDOWNS,  
LEADING TO NEWER BUSINESS MODELS



US ecommerce as % addressable retail\*



rediff.com



naukri.com

flipkart

flipkart.com

2007-2010

2007-2011



Flipkart



2011-2015

2015-PRESENT

bigbasket

firstcry.com

big store for little ones

EBAY

zomato.com



-2010

2010-2012

2012-

omato

zomato

zom

-2015

2015-2016

2016-

zomato

2016-PRESENT

meesho

BYJU'S  
The Learning App



purple.com

MY LEARNINGS  
FOUNDER AND TEAM

# Simplicity

There is simplicity on either side of complexity. Great Founders identify time-tested, simple, scalable patterns and navigate their teams and the company through the maze of complexity into a 'vision' that is simple to communicate and execute.



"MOST GENIUSES—ESPECIALLY  
THOSE WHO LEAD  
OTHERS—PROSPER  
NOT BY DECONSTRUCTING  
INTRICATE COMPLEXITIES  
BUT BY EXPLOITING  
UNRECOGNIZED  
SIMPLICITIES."  
— ANDY BENOIT

A series of videos that give a glimpse of evolution of product market fit, strategy and how a Founder's vision becomes clearer over time.



[Video](#)



[Video](#)



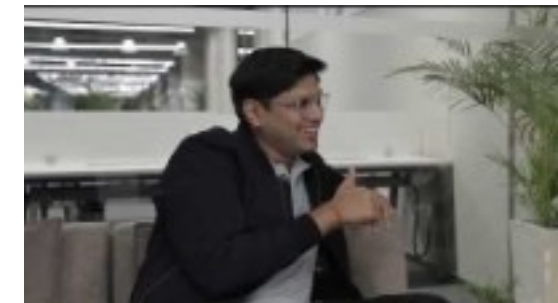
[Video](#)



[Video](#)



[Video](#)



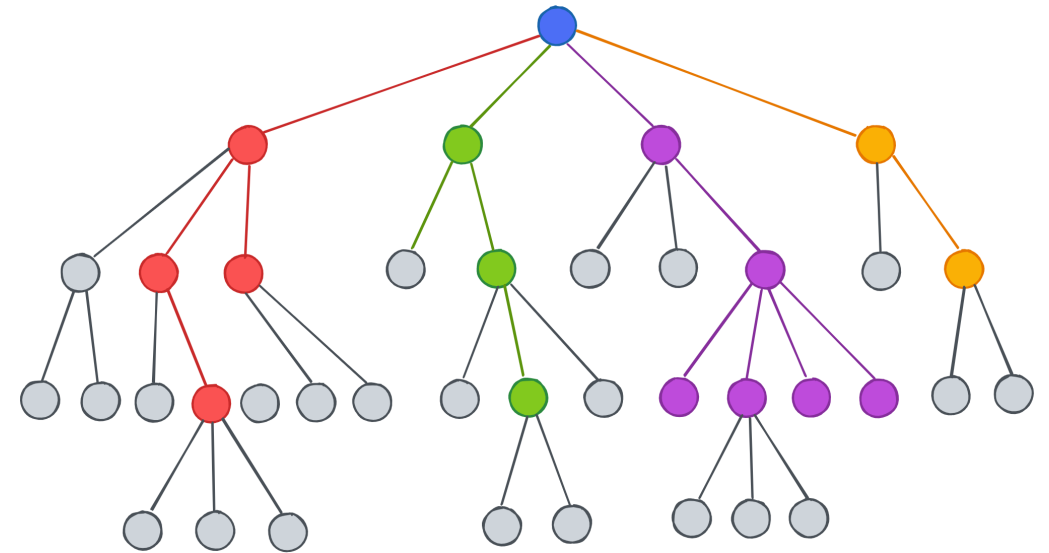
[Video](#)

# My Takeaways



**THEY SCALE ;**

**ACROSS DIFFERENT STAGES OF THE COMPANY**



**THEY THINK IN BETS, PROBABILITIES**

# Few observations on Founders & Scaling

Learnings machines; surround themselves with mentors

Risk averse. First to act. 'Only the paranoid survive'.

Fire in the belly; in it for the long haul

They are very articulate in communicating vision and thus attract talent (human capital)



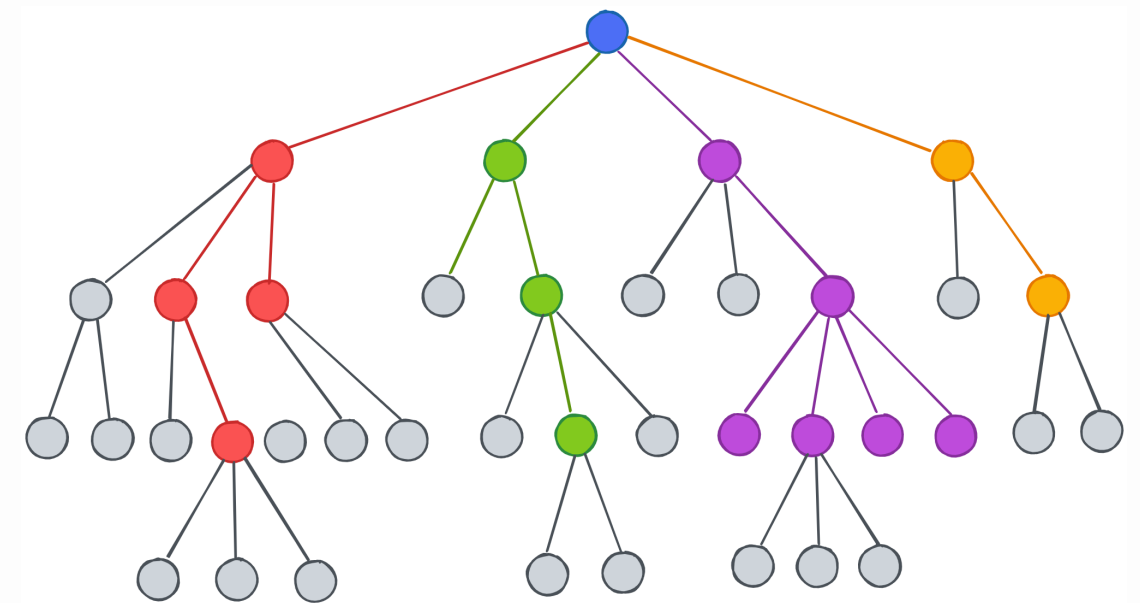
# Thinking in bets

Data driven culture

Strong opinions, loosely held. Flexible conviction

Values driven; High integrity

Thinking in bets at scale: Berkshire Hathaway, Amazon, Google, Bytedance, Citadel, Millenium Management etc



# A MAZE OF METRICS

Amidst new and untested metrics, it is challenging to know what to prioritize  
and how to value private companies in their hyper growth phase



One metric that I've used as my north star over the years ...

## 'Capital efficiency'

Operational breakeven

10x thinking at Lenskart leading to faster breakevens

Retail, SSG | 'blackbox' mental model

Capital raised, margins

Parallels to thinking expounded by Pulak Prasad in "What I learnt about investing from Darwin"





*Store design, brand marketing, innovations such as home trials, home eye check ups helped with best-in-class store break-even*

# ENTRY AND RETURNS

# Buy low and sell high, but what's your edge?



[Video](#)



[Video](#)



[Video](#)

# Buying low, Selling high: Macro tailwinds propelled us towards a profitable exit

Returns through growth AND multiple expansion  
entry at 19 EV/GP. Exit at 31 EV/GP

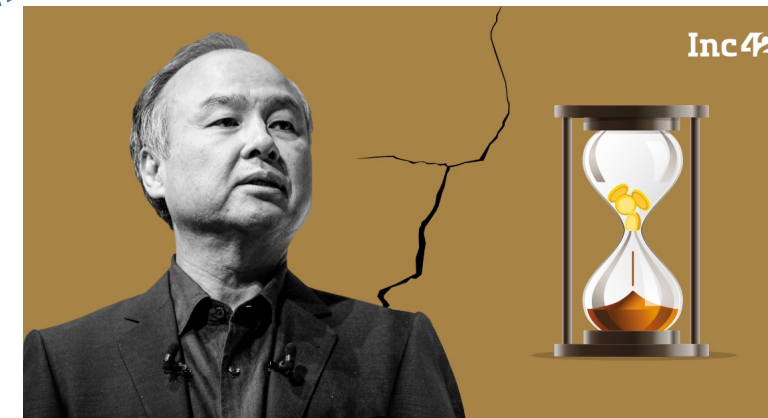
Our returns from multiple expansion was possible  
because of a favorable entry as a buyer (macro driven,  
circa late 2015) and favorable exit (covid related tailwinds  
in ecommerce adoption resulting in higher multiples)

Macro for VC in late 2015 took a nosedive with investments  
of Softbank such as Housing.com hitting troubled waters  
etc. ***Pullbacks in markets present opportunities for investors  
committed to a market and with an ability to take a longer term  
view.***

“Clouds of knowing, seeing past the fog, Unique insight” –  
from High Quality investing with Christopher Begg



Commonplace articles in media, Circa late 2015



VENTURE CAPITAL DEALS  
THOUGHTS ON STRUCTURING

# Alignment is key

Liquidation stack

Pre-emptive rights

founder lock-ins, ROFRs

Investor tag alongs, drag rights

Recent rise of co-investments by LPs



# Competitive market

lower probability of minority 'firesale'

Near 'perfect competition' amongst investors for quality assets

Club deals

Liquidity – cooperation amongst founders, shareholders



## **Ecommerce, private markets and India VC**

- [Andrew Chen – The Cold Start Problem](#)
- [Jeff Jordan - Building & Investing in Marketplaces](#)
- [Lydia Jett - Investing in E-Commerce](#)
- [Niraj Shah - Developing Every Skill](#)
- [Anand Chandrasekaran - Understanding India From the West](#)
- [Indus Valley Report 3.0](#)
- [Dan Rose - How Stunning Founders Operate](#)
- [Peyush Bansal in conversation with Aditya Ghosh](#)
- [Peyush Bansal in conversation with Ronnie Screwvala](#)
- [Peyush Bansal in conversation with Manoj Kohli](#)
- [Rolex: Timeless Excellence](#)
- [Bill Gurley - All Revenue is not created Equal](#)

## Some references

### **Select pieces from Investment Managers and Asset allocators**

- [Carl Kawaja - Dealing With Regime Change](#)
- [John Harris - Resilience and Imagination](#)
- [Chris Begg – The Quest for Quality](#)
- [Ho Nam From Altos Ventures — A Different Approach to VC](#)
- [John Pfeffer - Adapt and Evolve](#)
- [Gaurav Kapadia - Everything Compounds](#)
- [Who Deserves to Grow? - TenCore Partners](#)
- [Art of not selling – Chris Cerrone, Akre Capital Management](#)
- [Mark Leonard's Shareholder Letters](#)
- [Scott Malpass - Building a Great Endowment](#)
- [David Salem – The Art of Asset Allocation](#)
- [Charley Ellis – The Magic of David Swensen](#)
- [Thoma Bravo, Scott Crabill – Public-to-Private](#)
- [Dmitry Balyasny - Building a Better Model](#)
- [Scott Wilson - Non-Traditional Endowment Investing](#)
- [Going long - Seth Alexander, MITIMCo](#)
- [Anthony Deden – Modern Day Asset Management Business](#)
- [Michael Mauboussin – ROIC and the investment process](#)

**Topics related to Mastery and High performance teams**

- [Josh Waitzkin Distilled- The Art of Learning](#)
- [The Playing Field - Graham Duncan](#)
- [Runnin' Down a Dream – Bill Gurley](#)
- [Adam Robinson - the Most Important Ideas I've Discovered in Life](#)
- [Guy Spier- Compounding Good Will & Capital](#)
- [David Senra - Passion & Pain: A study of Founders](#)
- [Geoffrey West – Why Do Power Laws Work So Widely?](#)
- [Emergence – Complex systems](#)
- [Network effects – Modern Monopolies](#)
- [Yen Liow – Mastery: Learning how to learn](#)

## Some references

### Books

- [What I learnt about investing from Darwin | Pulak Prasad](#)
- [Organizing Genius | Warren Bennis](#)
- [Culture Code | Daniel Coyle](#)
- [Modern Monopolies | Alex Moazed](#)
- [Incerto Series | Nassim Taleb](#)
- [Deep Simplicity | John Gribbin](#)
- [Capital Returns | Edward Chancellor](#)
- [More Money Than God | Sebastian Mallaby](#)
- [Common Stocks and Uncommon Profits | Philip Fisher](#)

Thank you  
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