

TECH COMPANIES: PERSPECTIVES FROM PRIVATE MARKETS

KARTHIK TIRUVARUR



India SaaS

- Several IPOs expected in domestic market (2025-2026)
- Build from India for the world
- India SaaS advantage
- Natural evolution for investors who've followed INFY, TCS etc



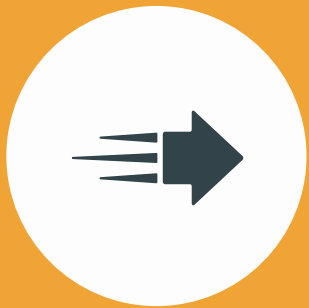
My experiences with Consumer tech

- Lessons I've drawn from investing journey in VC and PE markets
- Qualitative and Quantitative aspects of investment thesis

EXPECTATIONS FROM THIS PRESENTATION

STRUCTURE

- Interview with Aneesh Reddy (Founder, ex-CEO, MD of Capillary Technologies)
- Short presentation by me on some of my key learnings from investing in India and global consumer tech



These are ideas in evolution



Also consider the opposite view



Confidentiality



Presentation + Q&A in the end

CHAT WITH ANEESH REDDY, CAPILLARY TECHNOLOGIES

Capillary Technologies' Growth Story, Values SaaS & more... Watch later Share

Capillary Technologies: Global Growth Story, Value SaaS and More!


Karthik Tiruvarur
Consumer Tech Lead
International Finance Corporation




Aneesh Reddy
MD & Chairman
Capillary Technologies

 capillary

Watch on  YouTube



A perspective from private markets: Lenskart

Sharing a few lessons from witnessing a **10x** journey

- *Over indexing on people*
- *KPIs to evaluate*
- *Timing*



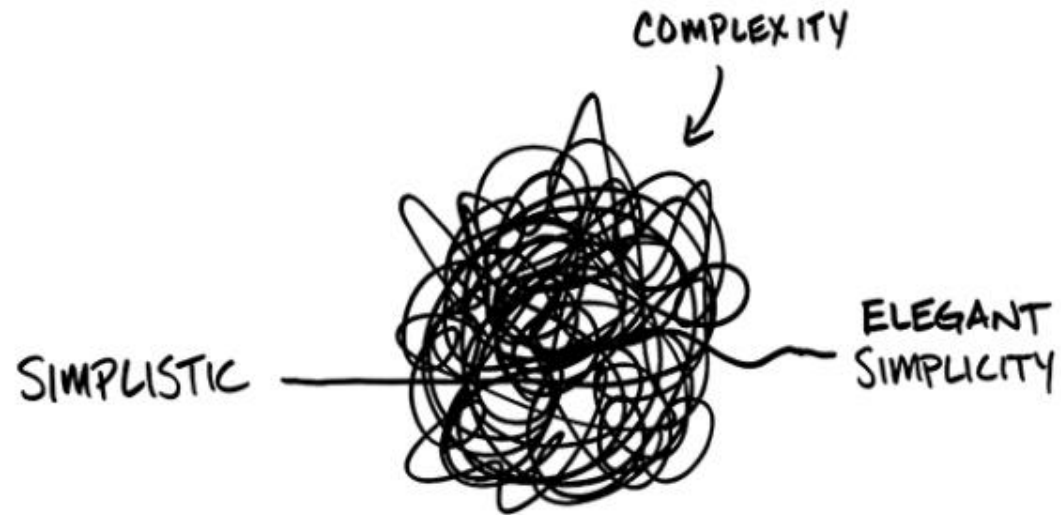
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Simplicity

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](#)



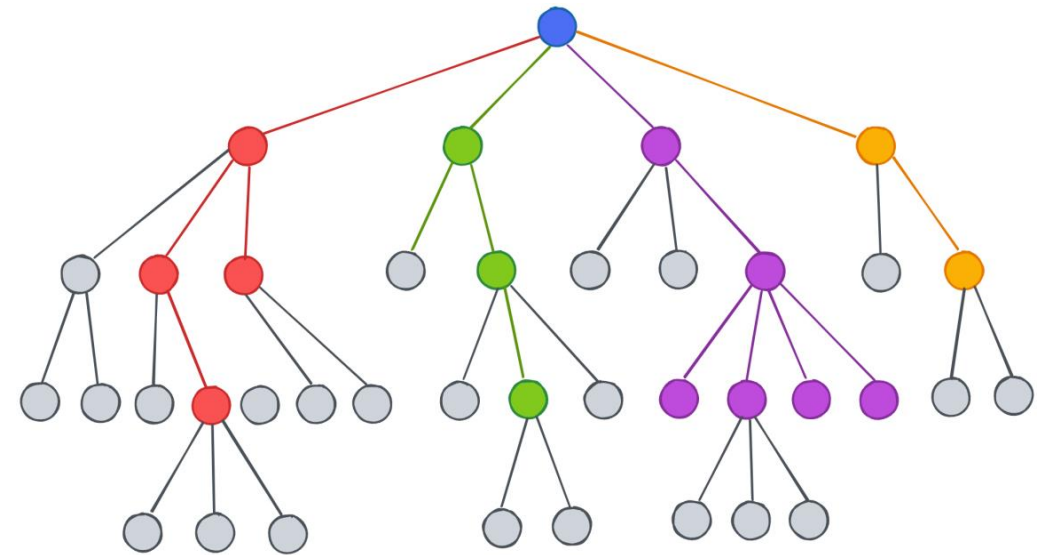
[Video](#)

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)





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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

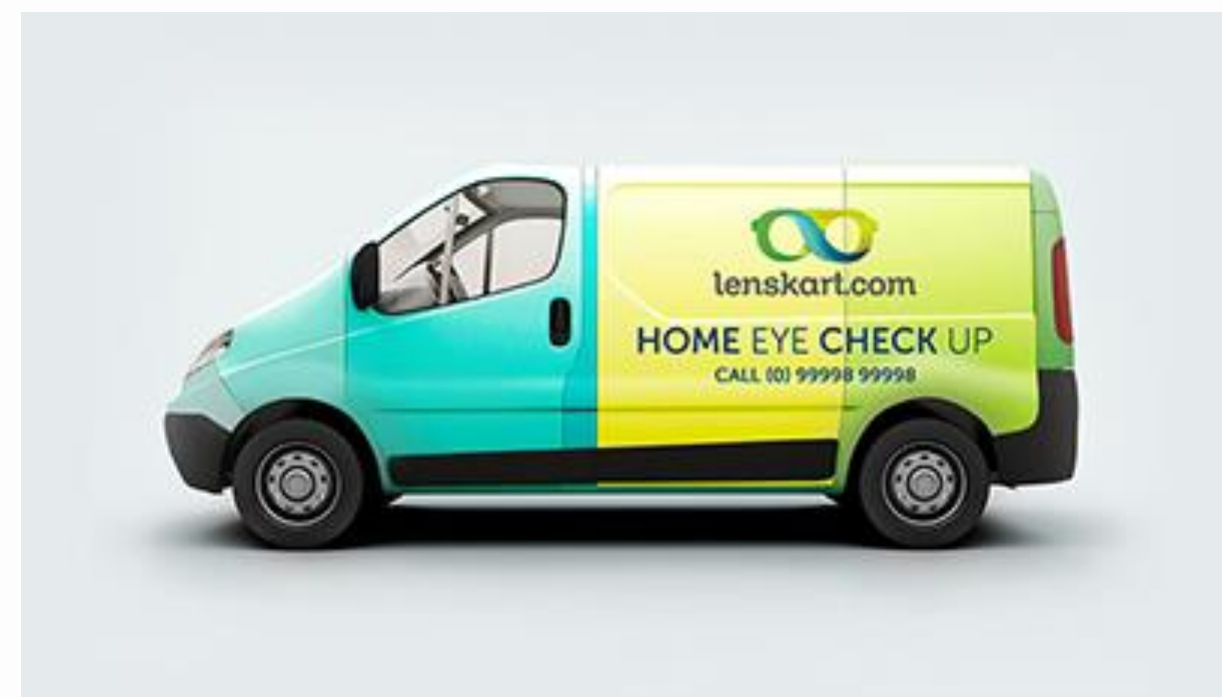
10x thinking at Lenskart leading to faster breakevens

Retail, SSG | 'blackbox' mental model

Capital raised, margins

Parallels to the 'ROIC' concept 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



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- **Macro-aware, Macro-agnostic?**

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



Competitive Market (VC/PE)

lower probability of minority
'firesale'

Near 'perfect competition'
amongst investors for quality
assets

Club deals

Liquidity – a function of
cooperation amongst founders,
shareholders



Alignment is key

Liquidation stack

Pre-emptive rights

founder lock-ins, ROFRs

Investor tag alongs, drag rights

Recent rise of co-investments by LPs



SOME REFERENCES

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](#)

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

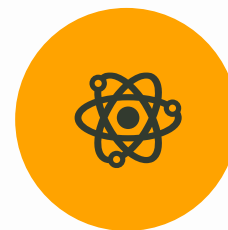
Thank you
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CONTEXT

*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

Business models



US ecommerce as % addressable retail*

