Mohnish Pabrai’s Interview with Ironhold Capital on September 16, 2022

Siddharth: It's an honor to welcome the legendary hedge fund manager, Mr. Mohnish Pabrai, on the show. Mr. Pabrai is the Managing Partner of Pabrai Investment Funds, a global value fund with an AUM of more than $700 million. The fund has handedly beaten the markets since its inception in 2000. In 2008, Mr. Pabrai made news for bidding $650,000 with his friend, Mr. Guy Spier, for a charity lunch with Mr. Warren Buffett. His book The Dhandho Investor is a must-read for investors and non-investors alike. The link for the book will be beneath the video for those who are interested and thank you for joining us today. I would like to welcome you to the show.

Mohnish: Thank you Siddharth. It’s a pleasure to be here.

Siddharth: I would like to begin with some of the esoteric concepts that investors have a tough time wrapping their heads well, and one of them is intrinsic value. Investors run into a lot of trouble when they’re trying to project out cash flows. These are typically 10-year projections, maybe more sometimes, and then they have to base the intrinsic value of that projection. How do you, as an investor reconcile the uncertainty of the projections with the need to perform these projections and how do you approach the subject “intrinsic value”?

Mohnish: Yeah, I think that's a great question. The definition of intrinsic value is relatively simple. Calculating it in most cases is far from elementary. Actually, it was John Burr Williams who came up with the concept of intrinsic value and defined it several decades ago, maybe about a hundred years ago. He said that it was the sum of all the cash you could pull out of an enterprise between now and judgment day, then you would discount it back to the present value by some reason of interest rate that intrinsic value of the enterprise or a real estate or anything else is looking at. Of course, when we apply that to businesses and stock market equities and so on, it is far from elementary exercise because rejecting cash flows for a business several years out, even the insiders in the business who may have even been running it for 10, 20, 30 years may have difficulty with that exercise. Outside investors who don't have the same level of expertise or granularity about the business would be even more handicapped doing that at the same time. Making investments without having a good sense of intrinsic value is a fool’s error. There are hacks.

We can use hacks to get to the Promised Land. The first hack is that we don't need to know the intrinsic value of everything, and we should not even aspire to do that. Most stocks would fall and all outside the circle of competence of a given individual investor or an institution. If something is not within circle of competence, there's no need to try to figure out what is worth because we are not going there. That becomes one. Large SWOT of equities would be outside my circle of competence. For example, if I look at anything in biotech as I have no edge or anything I can bring to that party, if I'm looking at industries or businesses with modern technology that I don't understand, again, it's the same thing. If it's an industry which I just don't understand, what are the main factors that drive it.

Lots of businesses go by the wayside because they fall outside of the circle of competence. Other thing that we can do to put the odds in our favor is we don't necessarily need to figure out an intrinsic plan or what. What we need to figure out is its above X where X would give us an acceptable return. We may not be able to come up with a precise number, but we may be able to come up with a number that a stock is trading at 50, and the intrinsic value is over 80, for example. That would give us some basis to proceed. We can also get to the liquidation value of a business in most cases, it’s relatively easy. Sometimes liquidation value exceeds the stock price. Then again it becomes a hack where you could say, well, I know liquidation value is more than two or three times a stock price and I know that liquidation value is not going through degradation or is unlikely to go down.

We can do that as well. There are a number of different ways that can be approached. I remember, I think it was 2005 or so, there was a steel company, it was headquartered in the US with most of its plants in Canada. The company is called IPSCO. IPSCO made tubular steel that was used in pipelines. They used to have these multi-year contracts because people are building all these long pipelines that they would place orders with. Which were firm orders because they wanted to make sure they were getting the pipe they needed. IPSCO many times had multi-year visibility to their earnings. They had announced in 2004 that for the next two years they would make $15 a share in net income after tax. The stock was trading at about $45 per share. There was about $15 a share of cash on the balance sheet.

There was no debt and we had this next two years of $15 coming in and they had a lot of other assets, planned equipment, inventory, et cetera. If you exclude everything else and you just held the stock for two years, the cash on the balance sheet would equal the current stock price. IPSCO was a very cyclical business. Even the insiders probably couldn't tell you what the interest balance was, but I didn't really care. My take was, let's buy the stock that it sold for two years and let's see what the market decides the company should be valued at. At that point, I couldn't believe that a business with $45 of cash on the balance sheet would still change those hands at $45 when they had all these other assets, their earnings could well have gone to zero in year three or would've followed off 70% or they could stay flat or gone up.

There was a very wide range of outcomes, probabilistically, it was a good bet. A year later, IPSCO announced that they had one more year of earnings visibility and they were going to make another $15 share. Shortly after I bought the stock had gradually different up to 60, and then when they announced this one more year of visibility, et cetera, it can too move higher. It was trading at about $90 a share. I had held the shares for about a year and a half. I was saying, "well done Mohnish, it worked, but since we have no further visibility and we know this is a cyclical business, maybe it's time to get off the bus". As I was running through that thought in my head and thinking it might be time to double in less than 18 months or so, there was an announcement that came out that a Swedish company had made an offer to buy IPSCO at $160 a share.

When I woke up that morning, I think the stock was trading at 150 or 152 or something, one fem to second. After that, I sold all the shares and that deal actually closed. IPSCO became a private company, part of the Swedish group and so on. But that's an example of where there was more value than what the market was describing, sometimes the market gets confused, risk and uncertainty. There's a business I invested in, in 2019 in Turkey, which is the largest warehouse operator in Turkey; Reysas. Their liquidation value was relatively easy to get to because they had 12 million square feet of class A prime warehouses, 20% refrigerated, 99% leased, 10 year inflation indexed leases. The market cap was 20 million, the liquidation value was over a billion and there was about 200 million of debt. If you took out the debt, you were buying something for like 3 cents of the dollar or something, two and a half, 3 cents a dollar.

Again, in that case, there were cash flows and other things going on. Intrinsic value was probably over 800 million, but there were already good capital allocators. My estimate by the intrinsic value of 50% is more liquidated, but I didn't need to figure it out. We were buying a 20 million and liquidation value of 800 million. Good things will likely happen to us. There's another company I think in 2015; Rain Industries, we still own it. This is a very cyclical business with some significant volatility earnings, but they're also a low-cost producer, so they don't really make money even during the down cycle. Rain Industries had a market cap under 200 million, and a market cap close to 2 billion. There was a very high probability, I felt that in the next four or five years, earnings in a single year would exceed 200 million. Again, I just wanted to hold the stock to see what happened when that single year earnings went to that number.

I thought that odds were high and will happen within five years. My take was, we don't have a downside, we have an unknown upside, and we can go in, we don't know what intrinsic value is, but that's okay. Within three years, their earnings hit 200 million and the market cap got close to 2 billion. In my infinite wisdom, I did not sell because by then I was covered by the business and then it went down and now I think it's about 7, 800 million in market value. We have a gain, and I think we will get past the old 200 billion by the fullness of time. But that was another example where we couldn't lose money, you didn't have to figure it out. I think the hacks are important because many times a straight BCF. One of the rules I use is that, if you need Excel to figure out what the intrinsic value is, there is a problem.

If you cannot do it in your head, there's a problem. If you look at a business like Starbucks or McDonald's for example, I think the odds are very low that these businesses have lower earnings five or 10 years from now. The pretty low odds, the place with the area which gets complicated is how much higher would, right? You can always take a conservative view on these businesses. I've got a long history with these businesses, I can look at the history, like China's got 5,000 stores and maybe could be 10,000 in 5 years or something, those sorts of things. You could make some extrapolations; those types of bets can pay off extremely well. The math is a little bit more… it requires you to make more assumptions than I need to make with Reysas or Rain and so on. But that can work as well.

But the important thing I think is that because we live in a world with 50,000 listed companies, there are always businesses, regions, and industries that are going through some kind of overhang, which is making it easier to get to at least the floor of the plan. Focusing on those is a good way to go. I think Buffett has a quote, he says, "we like to buy great businesses when they are on the operating table". I think a lot of great businesses go through temporary hiccups and the temporary hiccups can help us make it easier to figure out intrinsic and get in at a price below a conservative assessment.

Siddharth: I think the investment process is even more difficult especially in the US. They are just the sheer number wise, looking at securities. You have more hedge funds and mutual funds now than you have at least public listed stocks in the US and so how do you screen for ideas, I mean you mentioned Cloning as one of the ways 30 nets. You look at other resources and what have you found to be the most exact way to do so?

Mohnish: Well, I wait for something to hit me like a two by four on my head and when something hits me like a two by four on my head and jolts me then that means I should take a further step. If I can find two investments in a year that we can make, I think we're doing well. I think in the first eight months of 2022, I found one investment and just recently a second one popped on the radar. I think this one work. It's a good year. It's been a wonderful year. Who knows what 2023 brings or 2024 brings. It could be zero or it could be four, we don't know. On the one hand, you have the 50,000 stocks, on the other hand we only need a couple of ideas a year, maybe less. With that larger universe sifting to things and being just asking basic questions like “is this within circle of competence?” What is this worth? That sort of thing.

It'll get rid of a lot of companies, and we can use hacks to reduce the data set. One hack you could use is, for example, if you limit yourself to only buying businesses that have a write up on Value Investors Club, because that's a very well curated site, it's difficult to become a member. You have to keep submitting a couple of ideas a year that are decent to keep your membership. The average idea on Value Investors Club is better than throwing darts at a board and picking an average talk to research. If you use the Value Investors Club as a starting point to be doing research, it trims down the dataset quite a bit and the write-ups are pretty good. If you just went through and just read the write up and then just left with the ones that you think are businesses you understand or thesis that you agree with, then that becomes a basis to do more work and see if any of those can drive with me.

That can be a good source Data aroma, which gives the 13 net filings or a bunch of great extras that can be a great source, Barrens could be a source. There's a number of sources you could get through that mix of things, trimmed them down. I made my first trip to Turkey in 2018 because the currency was very unstable. Everyone in their bother was leaving the country and mass and the markets optically looked really cheap. I had a good friend in Turkey, and I just said, “listen, can we just go and visit every business in your portfolio?” I didn't want to visit every listed company in Turkey. I wanted to visit the ones that had already gone through his filter. He'd actually put money into it and so on. It was a great trip. I found a few things that looked interesting and then the following year I made another visit in 2019, that's when we visited Reysas, 3% liquidation value and so on.

I think that there can be a number of different ways in which you can create the research list if you will. It could be value investors versus club, other publications and parents or might say, particular geography might hold some promise and let me take it further and so on. There can be a number of different ways in which things can enter the funnel since the output from the funnel should ideally be pretty small because I think most of us probably cannot find more due to the certain if that makes sense and that's a good way to go.

Siddharth: When you look at your investment process, are you working at multiple ideas at once? Are you just working on one investment at a time, and do you read investment journals, transcripts, boards, all of those? How do you go about aggregating data, I guess, and then attacking these investments? Is it one at a time or simultaneously?

Mohnish: Well, this is a good time right now because a lot of my energy is focused on one particular company like that. I'm really down at the same time, I'm reading several newspapers every day. Value line shows up once a week and my assistant show me like for example, all the ideas posted in Value Investors Club in the last month or something. It's a mix. I would say that at this point probably 80, 90% of available horsepower is being directed to one business and I'm still looking at a bunch of other things. Most of those get discarded pretty quickly. If something shows up on the radar that looks interesting, then I will relatively quickly try to figure out which of the two businesses I now have and which of the two should be given more priority. Then we take it from there basically to try to do a comparison, try to see which one risk adjusted is better and bad and so on.

Siddharth: Do you believe in having some other intelligent investors, your partner similar to Mr. Buffett and Mr. Munger? If so, how do you avoid maybe confirmation buyers or group sync in that case?

Mohnish: Yeah, Charlie had told me a long time ago, like within the second meeting I had with him in 2009, he told me, "Mohnish, it's really important to have someone to talk to about your investments". I told him, "Oh, you mean like Warren Buffett?" He said, "well it wasn't always Warren, but I've always had someone to talk to". I actually incorporated that had not done, I hadn't thought about it that way till then, and I made a deliberate attempt after that to seek out other opinions. Sometimes people differing opinions on the company and such. I mean, John Templeton says that "best of us will be the wrong one or the three times. If I make six bets in three years, even though I'm making two bets a year, according to John two, out of those six bets at least one might be wrong, that's a minimum.

It would be actually three out of the six bets that doesn't do what you expect them to do. They do far worse than what you expect them do. Now my hope is you don't have a permanent loss of capital. What if it doesn't work you get your money back or something. But many times, you're not that lucky, you may suffer some loss of capital as well. That's just par for the course. Even when I look at Warren Buffett's investments and if you were to look at like, let's say 70 or 80 acquisitions that he did at Berkshire, easily more than a third of those did not work. This is Warren Buffett with Charlie Munger with the best of the best and the good news that Warren has is that the larger ones in general have worked.

If you dollar-weight it, he's had a very high success rate. But if you equal weight every one of those 70 bets, it would be a terrible rifle relative to what we've seen with Berkshire Hathaway. Like they made a large number of investments in furniture retailers. I think every single one of them, except Nebraska Furniture, never worked. Lots of investments in jewelry retailers and every single one except

Borsheims did not work. In fact, most of the businesses during the financial crisis would've just gone under, I think they only stayed alive because they had the support of the parent. They would've basically been zero in a number of cases. I think that, yeah, it's important anything that you can do to bring the error rate down. Talking to other people who don't have any biases or a reason to agree with you and to a more objective, that can be a great asset.

Siddharth: Mr. Buffett describes a great business as one, which has a wide moat around it. I think what I believe he's always been focused on is identifying moats in a big addressable market. How do you personally approach a business which you believe has a moat? Is it something that comes to you naturally over period of time through collection of bunch of insights? Or do you actually go about it in a more intentional manner? You really try and identify what is the moat of this particular business. Even when it's not obvious.

Mohnish: A business that is within your circle of competence, the moat will be very apparent to you when you just think about the business and then it'll get ratified when you look at the numbers. Generally speaking, a great business is going to be generating high returns on equity without much use of leverage over a long period of time. That's going to give you the proof of the pudding if you will. But I think before that, for example, even before I look at the numbers of Starbucks, I know it's a great business. I mean, I know for a fact that when they open a store in the US, they get all their money back in two years. Starbucks doesn't franchise at all. All company owned stores except the ones that the airport doesn't have a choice. When they open stores overseas, like in China, et cetera, they get their money back much faster, like 15 to 18 months.

The payback is even faster. I mean that is a business that is generating something like 36% unlevered return on equity with a massive run ahead. If you just think about the number of Starbucks stores that might exist in the world eventually, and at which point they kind of stopped blowing a little away, that day could be pretty far away. They have a huge runway. They've already done so much for so many decades and they still keep ranking. When you look at a business like that and you encounter Starbucks with those customers, a lot of moats should be apparent to you.

First of all, if you just looked at all the products and services that you as an individual consume, you would be surprised how many of them have deep moats, because in general, for a random business to convince you that they deserve a share of your wallet is a pretty high bar. We all tend to want to get good value and products and services that enhance our lives, especially if you have deep loyalty towards those brands and such. The brand of Razor you use, the kind of shaving cream you use, the brand of toothpaste you use, the time you wake up, your soap, your shampoo, your breakfast brands, the clothes you buy and the cars you buy, it just goes on and on. We encounter a lot of brands and we are using a lot of brands and a lot of products and services. When I bought my home, the insurance company required me to have kind of an alarm service like ADT before they would write the policy. ADT has a moat; other companies are requesting me to get their service. If you are a corporation issuing a bond, you can't get it out unless you're rated by Moody’s and S and P. Moody’s and S and P have a moat because it's written into the covenant and such and so on. I think that knowing what a great business is not a difficult exercise. Then the next piece, which is, is it a great investment? That's a much more difficult question.

Siddharth: Mr. Buffett used to do Scuttlebutt or speaking to suppliers, competitors, ex-employees and people from that industry. A particular investment, how much do you believe in scuttle? Since we have so much public information on all these companies available, do you personally find it useful and do you use it on a recurring basis or is it just maybe even once in a while?

Mohnish: Phil Fisher was the big advocate of scuttlebutt. He originally wrote about it. I think it's a really good thing to do. I should do more than I do on scuttlebutt. I do try to think about who I can call, who I can talk to, who might be either user of the product or service and or myself be a user of the product of service and that sort of thing. Might have insights as a competitor, customer, supplier and so on. I do try to think through those. I think I could do a better job than I've done in the past, but it's a wonderful add on to the research. Absolutely.

Siddharth: An extension to that question would be, do you believe in meeting the management team? Because we've spoken to a number of management teams and they were definitely different. Sometimes we had some strategic views from the management team that may not be obvious from the financials. Sometimes you just get the transcripts pretty much read out to you almost. When all the information is public, do you find it useful still to speak to management teams, if so, what are the few things you are looking for?

Mohnish: Yeah, I used to almost never need to interact with management course when I first started, the capital base was so small that no one would be interested in reading me anyway. Not even a choice. I think Ben Graham was always kind of opposed to the idea of meeting management teams. He wanted methods that could be used by retail investors that were applicated. In general, one of the dangers of meeting management teams is that the guy at the top typically has great sales and got the job because of his skills and you'll be talking to a salesman about business that he understands a lot better than you ever will. His ability to sway you distort reality is pretty strong. A better approach to counter some of that is to look at the track record.

I think it's more important to look at the track record, what the management team has done, which we can tangibly look at rather than rely on forecast that they are making. It's not that they're deceitful. The other trait that a lot of management team share is their optimist and they could not lead if they were not optimists. If you are in the presence of an optimist, the great salesperson knows subject, who loves his business and so on, you may get a distortion that is not going to be positive for your long term returns. On the other hand, if you caught most of your data from the historic record and extrapolating conservatively based on that record, that's a bit better basis. Sometimes just meeting the management teams can help you. You might see some issue which is bothering you and that may not have been visible if you didn't meet them, so that can be helpful.

They can also actually be pretty helpful in helping you see if you've gotten the right models. Most businesses are run by leaders who know two or three variables of five 80% of the outcome. As investors, it's very important for us. We owned another same variable and you may not always get to the same variables. Sometimes meeting the management teams and understanding how they look at the business, how they run the business, and what are the metrics they care about. Then if you just make sure that it has gotten to the right for variables that will drive most the outcome and you are able to handicap those variables, then you get a basis. I think that's the other piece that has been helpful in meeting.

Siddharth: Wonderful. To segue, we had Mr. Guy Spier on the show a couple of weeks ago, and this is a question I asked him. He accompanied you to lunch with Mr. Buffett, I think that was in New York. I asked what his takeaways were and how relationship has evolved over the years with Mr. Buffett. You've also developed a friendship with Mr. Munger through the lunch. Could you maybe speak clear about that a little bit?

Mohnish: Well, I think the lunch with Warren blew away both of our expectations about quite a mile more. I had very low expectations going into the lunch, the driver to bid for the lunch and pay the amount we did. I just wanted to thank Mr. Buffett in person. I felt like I had used his intellectual property or everything I'd pretty much pick my livelihood on is based on his IP that he's made public domain. I just wanted to look him in the eye and just say thank you. I didn't really have any expectation beyond that. What was really surprising to me is that when Buffett comes to these lunches, he has a different mind-set. His mind-set is, he wants to make sure that the person who won the lunch, what amount they paid at the end of the lunch, they feel they got a big bargain.

His focus is to make sure that people think they got their money. My focus was just, I wasn't looking to get my money, I wanted to thank him. The lunch went for almost three hours. It could have gone longer. He had pretty much told us he's got the whole day for he was with us. As long as we wanted to have him. I think later when I made a list of questions, I could remember different people asked. They were like 54 different questions or such that I was able to remember. Yeah, I mean I think the lunch had a number of, well, I mean I think in hindsight he delivered unbelievable amount of value to us. Basically, every question he would answer it in a manner that tried to add value to us.

I asked him an innocent question about, "hey, you and Charlie had a third partner, Rick, we haven't heard from Rick in several decades, are you in touch with him? How's he doing?" Warren said, "Yeah, I'm very much in touch with Rick and in fact I get a card from the play bridge with him periodically". He said, Rick is doing great. He proceeded to highlight how Rick got margin calls in the 1973-74 collapse and how Warren bought his Berkshire shares at like $40 a share 10,000 times or more around today. He said, "look, if you're even a slightly above average investor, you spend less than you earn and you don't use leverage, you cannot help but get the over lifetime". A question about, hey, how's Rick doing? Got converted into a lesson on leverage and compounding and modest lifestyle and so on. Of course, I didn't expect him to give us to Charlie and I didn't expect the Charlie meeting to go anything beyond one lunch. It's the gift that keeps on giving. It's been one of those most no brainer things that I could have done. I didn't do it from the perspective of getting any anything out of it, but it turned out to be like an amazing set of things that happened.

Siddharth: Mr. Munger, certain wrote the, I think the most incredible book I've read on investing which is Charlie's Almanack? I mean half of it is life advice and half of it is investing. That brings me to the next question, which would be what resources have you found as an investor to be the most helpful in your education as an investor, maybe when you were still learning about the Art of investing?

Mohnish: Yeah, I think Poor Charlie's Almanack is a wonderful book and I try to read it every year because every year I read stuff that I can swear I never read before. Even though I've gone through the books several times, it's like a bible, got a lot of take-home value especially the talks at the back and especially like the psychology of human misjudgment talk. There was a book written by Thomas Phelps 50 years ago called 100 to 1 Stock Market. It's an exceptionally well written book, not that popular, but I think that book can be really helpful in setting your frameworks. He was a journalist and I think there's great job writing that book. I think that book can be useful. The Berkshire letters obviously are great going through it and then they've posted all the Berkshire annual meetings on Buffett.cnbc.com going back to the nineties. I listened to all of those in the shower for about six months. Twice. I've been to every meeting since 98, going for a while I think 20, 25 years. It's been a while. Yeah, I think these are some good resources and these probably get you other jumping off points as well.

Siddharth: People are very interested in Dakshana Foundation and the work it does. It's a very unique non-profit organization. First of all, how can people contribute to the foundation, and could you maybe give a little of detail as to how Dakshana goes about educating young, impoverished children and really adding a lot of value to their lives?

Mohnish: Yeah, well we welcome any support. Dakshana is a public charity. It started as a private foundation. You can just go to dakshana.org, we welcome any support and that's wonderful. I started Dakshana about 15 years ago and I was in my early forties at the time. It seemed to me that it was likely that because we had a fairly modest lifestyle and compounding, it worked so well and you're getting, fees on other people's money and so on and so forth, we were going to end up with meaningful sums well beyond what we needed. It's generally a bad idea to have large inheritances, they generally do more harm than good, it's okay to give some head start to your gene pool, but to put them on an IV drip for the rest of their live was probably counterproductive. If you're not going to give the money to your gene, the other option you have is to give it to society.

When I started to think about, okay, what organization should I be thinking about when I get to the point and I want to generate all the money, I really drew a blank, like, the reason I drew a blank is that most charities are run and set up by people who have great hearts but not so great heads. To actually run a non-profit value is a combination of a balance between a great heart and head. I found that it is truly best. I thought that people who run charities need to have good capital allocation skills. Those are usually quite rare amongst typical people who are drawn towards running or managing charities. We end up with a result where there's a lot of well-meaning people in charitable institutions trying to do well-meaning work, but because they are not capitalized, it's very suboptimal. If I were to ask most of them, "okay, so you spent 50 million last year on various programs, what was the impact?"

They're not able to quantify the impact in a format that would make sense in terms of how do we increase the impact? We had X impact of 50 last year, can we get 30% more than X next year or 10%, 5% more. They just have no calibration or ability to do that, or they just do what feels good and what feels good leads to great pictures in annual reports and so on. It is not going to be epically. It's just like great investments. Great investments are not the ones that are touted all the time in CNB, BBC or something. I had a notion that some idiot like me who didn't know anything about charities might be able to be better than these guys because at least I have a framework of what I'm looking for. One of the issues with charities is that it's really important to measure outcomes and most charitable endeavors don't lend themselves to easily outcome measurement.

For example, if you had a program which give free needles to the homeless, that's a very worthwhile thing to do, how would you compare that to a program that tries to get homeless people into temporary housing and then maybe try to get them some mental health resources and other things and get them off the street? The free needles cost very low amounts per person, and they have some impact on doing that. The second program has a very large cost for homeless person. We don't know which is better. I still don't know which is better because these are hard to measure. One of the hacks I did with Dakshana is, we are not going to do things that are hard to measure or are impossible to measure. We're only going to do things that are easy to measure. Just like the hack of intrinsic value.

We can't figure out intrinsic value in most cases. We just hack it. We only go to the ones that we can figure out and then stick with that. That was the first hack, which is focus on things that are easy to measure. In our case it was education. Once we got to a program which I thought had really high returns on invested capital and was easy to measure, we identified very poor kids who were very gifted, 16 to 18 year old. Then we prepped them for getting into the top end colleges in India, the IITs or medical school and so on. In India, these universities are very cheap to attend. Once you get in, affordability is no issue, loans, et cetera are available. But getting in is difficult because the entrance exams are hard, you can't really get in unless you're coached, and the coaching is very expensive.

We basically level a plain field and made the coaching field, and we can measure outcomes because every year we get a report card from an independent entity, which tells us how many of our kids got accepted at IIT and how many got accepted at school, et cetera. My team cannot fudge the number. It's not an internal test. It's a very black and white external benchmark. We have metrics that tell us how much it costs us per kid. We can see how many kids and families using poverty and we can even try to extrapolate lifetime benefits and such. They are getting, so it's very measurable and I think that Dakshana appeals to a lot of people because it's very holistic in its approach.

Siddharth: I would like to conclude the interview with, obviously it's an absolute honor to have you on show and you have taken the time even after the held incident, so investors are interested in Pabrai Investment Funds. How can they reach out and maybe social or website links can we provide that will allow them to do so?

Mohnish: Well, I think just Google, me and Pabrai Funds, God Google will direct it to me. I have a blog chaiwithpabrai.com and that's another place you can, it's got a bunch of free resources for investors. Yeah. I think God Google can answer all your questions.

Siddharth: With that, I would like to end the interview. Thank you for taking the time. It was an absolute honor to have you on our show.

Mohnish: Thank you. I actually enjoyed the questions. I appreciate the work you did and such in preparing, but it was fun. Thank you.