

Mohnish Pabrai's Q&A Session with Dakshana Scholars at JNV Bangalore Rural on December 24, 2023

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Tanushree: Hello Mohnish, I'm Sai Tanushree from JNV Ananthapur. My question to you is as our studies progress, we may come across both friends and enemies. Is it better to avoid enemies or should we seek revenge on them? Thank you.

Mohnish: Life is too short to seek revenge, we should leave the revenge for the Bollywood movies. We don't need to take revenge. So, when you encounter people who are you know you call them enemies but people who don't have your best interest in mind. Yeah, the best thing is ignored, just ignore those folks and minimize your time with them and take it from there. But don't try to, you're not going to be able to change them so humans are the way they are after the age of six they cannot change, so between then genetics and what happens in first five six years of life that will form who a person is okay. So next question.

Aparna: I'm Aparna from JNV Koppal, Karnataka and my question to you is as you are the one of the successful investors what made you to choose this risky career and which incident in your life made you to take this big step? Thank you.

Mohnish: Okay, good question. I did not think that when I was going to take this direction in my career of life that I was going to be taking some risk, I did not see it that way. So just to kind of explain a little bit, I accidentally heard about a person named Warren Buffett when I was 30 years old and before I heard of him, I was an engineer. I had started my own company doing IT services and so on. And when I heard about Mr Buffett and I studied what he was doing, I realized that basically he was using a way to invest which would basically end up making him probably the wealthiest person in the world and he was doing it in a very simple manner. The way he was going about doing it and it also highlighted to me the power of compounding.

So, basically you guys may know the story but there was a in some Kingdom there was a king and some guy had invented the game of chess and the King was really excited about the game of chess he was playing a lot of Chess, and he told the person who invented the game of chess that ask for any reward and I'll give you that reward right. So, he said I just want you to put one grain of rice on the first board first Square, two grains of rice on the second square and then keep doubling the grains until the 64th square. And the King got upset he said I wanted to give you so many riches you're asking for a bunch of rice. He said yeah that's all I want. So, he told his Minister, measure out the rice and give it to him and get him out of my court and after 3- 4 days the minister came and said sir we don't have the rice. And because basically if you if you are doing, you know if you're doing $1 + 2 + 4$ plus, 2 the Power of 63. I think this becomes $2^{64} - 1$ okay. And that is a huge number and it's more rice than is there in the whole planet Earth. So, they could never give him the rice, right? And so, the way this compounding

works is, what I noticed when I encountered Mr Buffett was that when I heard about him for the first time in '94, he was born in 1930 so at that time he was 60, sorry 64 years old and at that time he had been compounding money at more than 26% a year. So whatever money he had it was growing at 26% a year or higher. And he had started when he was about 18 years old, so when he was 18 years old, he had about \$10,000 and this \$10,000 is growing at 26% a year.

So, there is something known as the rule of 72. Have you heard of it? Anyone heard of rule of 72? because it is not in the JEE curriculum; but it needs to be in the JEE curriculum. It's a very important rule to understand. So, the rule of 72 is kind of a mathematical shortcut. So, let's say for example I have money that is growing at 10% a year, okay. And I want to know how long will it take at 10% compounded to double if money is growing at 10% a year compounded how long will it take to double? So, what you can do is you just do 72 divides by 10 it is approximately seven. So, if I have 100 rupees one year from now, I have 110 rupees and 2 years from now I have 121 rupees. It will keep going it's not increasing at 10 rupees a year it's increasing at more than 10 Rupees per year. Because you're compounding on the previous money so it would take about 7 years to double. If you were getting 7% a year it's 72 divides by 7 it will take about 10 years to double, okay. And if you are doing 26% then this is approximately equal to three, okay. So, if you're doing if you do $1.26 \times 1.26 \times 1.26$ it'll be exactly two, okay. So, if someone is doing 26% a year the money is going to double every 3 years okay, now that's what Mr Buffett was doing when he was 18 years old. So, if I go from 18 to 64 this is 46 years and let's make these 46 years just to make the math easier okay. It's 15 doubles, right. So, it's two to the power of 15 what is 2 the power of 15? 2^{15} is $2^{10} \times 2^5$, 2^{10} we know is 1024 and 2^5 is 32 right. So, let's throw away the 24 for just to make it simple. It is about 32,000, right. So, if I start with 10,000 and I multiply that by 32,000, it is a 320 so it becomes 320 million okay out of 10,000. Now, that is when he was 64 years old. Now he is 93 years old. Because I heard about him in '94 but he continued doing that he's still alive so basically if I add another 29 years or 30 years to it. So, from 1994 till 2023 he's compounding at approximately 20% a year okay. So, if you do 20% a year with the rule of 72 it's 3 and a half years for a double approximately, right. So, 72 divide by 20 is approximately equal to 3.5. So, if I take let's say 31 years and money is doubling every 3 and a half years so 10.5 years is three doubles and 31.5 years is nine doubles right. So, I would take 2 the power of 9 this is 512 okay, and let's make the math simply make this 500 so it would be 320 million, 10500 is 1.6 billion okay. Now Mr Buffett started giving his money to charity about 15 years ago so that basically some of that money a lot of that money is going every year to charity. But if he had not given anything to charity the total amount, he would have right now is not 160 billion it's actually about 250 billion, okay. Not from doing any work no Chakki peeso, no labour, not working in some job, just invested the money right. And so, when I read about this in '94, I said I should try to do this, this seems like a good idea, and I said that if I don't compound at 26% and I end up compounding at 15% is still okay. So, in '94 I was running my IT company I was 30 years old and a small portion of it got sold and when this small portion got sold after paying taxes and everything, I got \$1 million for the First Time. 1 million is how much in Indian rupees? 8 crores okay. I'm giving you all the numbers in dollars, but you can convert to crores. So, like this 250 billion is 2,000 billion crores rupees, okay. That's the number for him. So, I said okay this is 1994 let me use Mr Buffett's approach and see what can happen with this \$1 million. By the year 2000, this money had become 13 million. It had grown at much higher rate than 26%. Well, done Mohnish, well done! Even I have to Pat myself, nobody is

patting my backs all to do it by self. So, this was like a 70% annual rate of increase it was very high. So, I said, I knew I could do this I knew nobody believed me. So then so from let's say from 1994 to 2000 the compounding rate is 70% a year, from 2000 to 2007 it's about 36% a year and then it declined then from like 2008 to 2023, it's maybe around 10 to 12% okay. So, this kind of what happened so if I look at the period from 1994 to 2023 it's about 29 years right and it grew at a decent clip and it became a relatively large number and now just like Mr Buffett when I leave planet Earth, do you know when I'm leaving planet Earth? You don't know, let me tell you. So, June 11, 2054, is the date I am leaving planet Earth okay. And which is about we are in 2023 so we have about 30 and a half years. You know why the 30.5 years is important to me, not so I can spend time with my kids they already left the home, and they are gone okay. Not so I can be with the friends and all it is to compound I just want to compound the money. So, if in the next 30 Years I am compounding let's say at 15% it will double every 5 years right. So, it will be six doubles, that is 64 okay. Now, currently the money is about let's say 600 crores. We'll switch to Indian rupees okay and the 600 crores. If I multiply by 64 so if it is 60,000, 30,000 maybe it'll be around 40,000 crores. But there's also another engine, So I have 6,000 crores that other people have given me to invest okay. This is my money, but other people gave me 6,000 crores to invest because they want to make some money, so they said Mohnish please take our money please invest it please make us rich etc. I said no problem we will do that. The deal I have with them, every year the first 6% return goes to them okay. Whatever the money increases above 6%, I get 25% and they get 75%. So, let's say for example the money goes up by 10% in a year so 6,000 crores become 6,600 crores. What will happen is that the remaining 4% will get split 1% to me 3% to them okay. So, which means that I will get 1% of this amount at 10% so I will get 60 crores right. Now next year there is 6,600 crores and again if I get 10%, I will get 66 crores right. If the same thing happened and then this money gets added to this money to put on his compounding engine. Run this for 30 years right, another very big number. Is it a big number? because it is all compounding right. So, these 60 crores will go up by 64 right, because it is increasing at 15%. So, it will go up. Okay, so basically, I was saying that I didn't really take any risk. Mr Buffett is famous for not taking risk whenever he makes an investment, he tries is extremely hard to make sure that the risk of making that investment is very low. So, he looks for what we would call anomalies. In the stock market and other places, you can find weird things that happen which can lead to these anomalies, and they don't happen all the time they happen once in a while, but they can lead to anomalies. So, I was saying that I like to play math games right, so this was a math game that I started playing in 94 and my original plan was to play it for 30 years. I just wanted to see if I had the million and I ran it for 30 years what would happen right. The compounding continues and so one game that I'm playing on until June 11th, 2054, is to compound the money right. So let me tell you about my problems in life you know you think you have problems in life with all this difficult study and all that I also have a lot of problems in life.

In 2007 Dakshana started operating okay, and the idea I had is that on June 10th, 2054, I want to have 10,000 rupees left for myself, so the money needs to be gone like disappeared okay. But not just disappeared it needs to be used well to help Society okay so that's the second game. In the entire program we take 1,000 kids every year and whether we take a kid for a two-year program or in Dakshana Valley one- year program the cost to take one kid is 2.5 lakhs, that is approximately the cost it ends up. Like I look at like you guys cost the faculty and all that over two years it'll be if there are 40 of you here maybe actually more because we don't get economies of scale,

but it will be about a crore a year be it'll be a crore over two years so maybe around 50 lakhs a year. Because we have three faculty members and materials and all of that, so the smaller batches cost a little bit more, but it averages out. So, it cost 2 and a half lakhs. Then you multiply that by 1,000 and Dakshana is spending 25 crores a year, okay. So, it needs to spend so that this amount comes down. We need to bring the amount down one engine is raising the amount, and the second engine needs to reduce the amount and they need to work in the manner. So, June 10th we are left with 10,000 I don't want to be in a situation where in 2044 there is no money but 10 years I have no money left. Now the problem right now is that the on one side there is the 600 crores on the other side there's 25 crores right this is what is there today and then this is the amount being spent now this is rising at 15% let's say okay. So, year from now this will be 690 crores minus 25 will be 665 crores. So, it's increasing, if it's increasing then how will we get to 10,000. So basically about a bunch of other donors have come in into Dakshana and they are giving about 17 crores every year to Dakshana like Bajaj, the company Bajaj or Microsoft or Oracle or D Mart there are a whole bunch of different donors they're giving and so actually my portion is now down to 8 crores which means that it's actually not going down by 25 crores it's going down by 8 crores and so this is becoming 682 right, and then I already told you there's the second engine the 1% you know the 60 Crore that came over there so what happens is it's $682 + 60$. So, it is 742 after one year. So, what was 600 becomes 742 out of one year after 2 years is even more. And so, I keep thinking what can I do? what can I do right? So, what we decided one of the things we decided is we decided we are increasing our capacity from 1,000 per year to 1,600 per year. Okay the one problem we run into with the JNV system is very difficult for us to get locations like this where we can bring kids for coaching because all the JNVs are at capacity so very difficult, we keep asking the JNV system can we get more room, this and that and they always tell us no. Which is why we bought our own campus so this capacity increase from 1000 to 1600 this will take 3 years we are doing this in Dakshana Valley it's going to cost about maybe around 100 crores to build the dorms and the classrooms and different things to do that so that's good 100 crores will get used isn't that good. But there's another problem Dakshana has its own money which is separate from my money and Dakshana has about 200 crores of its own. So, and then the other problem is this three years is that we have to manage it you know lot of construction at one point in Dakshana Valley there may be 500 construction workers so there's a lot of activity to get that done. So anyway, this will happen now when we go from 1000 to 1600, we will be spending 1600 time 2.5 lakhs per year okay so it will go to it'll go to forty crores the spending for Dakshana will go from 25 crores to 40 crores. Which is good so I was thinking okay we can keep increasing capacity you know we can try to keep doing that now the problem is that IIT has 17,000 seats and how many seats can Dakshana take? As it is the rich people are upset at Dakshana for taking all these seats. If we actually took 2,000 seats every year, at IIT we would be one in 8 IIT ians will be from Dakshana okay. It's a huge number okay so but let's say that's the upper limit let's say upper limit is 2,000 okay so as you can see, I like to play these math games so let's see what's happening on the IIT side so let's say there are 2,000 IIT seats we can take let's say we have a 66% success rate. That means we can take 3,000 kids per year okay, so like 2,000 for IIT and 1,000 for NIT. For example, so we can take 3,000 kids now let's say you take Medical in some other fields, and you add maybe even another 2,000 kids so 5,000 once Dakshana is taking 5,000 kids a year it's tapped out there are no more seats left to take. We have squeezed everything we can Okay. So this is 125 crores a year okay now the problem with these engines like I told you it went from 600 to 742

in one year, right it went up in one year by more than 125 crores which means that even if today we were able to spend the 125 crores and even if today there were no outside donors and I was funding the whole thing this number would keep increasing because it's going to keep growing because it's not utilizing the whole thing. But because it will be in reality what's going to happen is it is 2024 now let's say it will be 2027 by the time, we are at 1600 okay. So if I run some numbers for you, so 2023 capacity is 1,000; 2027 the capacity is 1600; let's say 2030 I can take it to let's say 2500 I'd really push it; 2033 I take it to 3500; 2036 maybe it's 2039 it's at 5,000 okay just because it will take time to build infrastructure and all of that and this is a pretty aggressive if I told the Dakshana management that this is what we want to do. Okay you heard it so but even if we do this, this is happening 16 years from now right and even if we do it after 16 years the compounding is continuing for 30 years so I keep thinking I need to find something else some other engine we have one engine that works so we have to start experimenting with other engines many will not work and the Dakshana engine works really well. You know we are very good at how we select the kids and we're very good at how we you know, how we coach you and all of that system is working fairly well so it works well so a very long answer to your question but basically no risk was taken, so next question.

Jeevitha: Good morning, Mohnish, myself Jeevitha from JNV Banagalore Urban, my question to you is due to caste reservation many talented people are left behind as they're not getting good opportunities to excel whereas it's actually necessary as everyone can't afford in which they want to excel. So, what's your opinion on this is cast reservation good or bad?

Mohnish: Okay good, So the cast reservation system is a debate that goes on forever people have strong opinions on both sides. The it may be better for me to discuss it with you in the context of the United States because then you can look at its kind of in a more objective way so in the United States from the 15th century till about the 17th century a lot of African slaves were brought into the country forcibly to basically work as slaves in the cotton fields so there was no labour available. They rounded up people in Africa they put them in chains they put them in a ship they brought them to the US they put them to work in the fields gave them basic amount to live etc and it was very inhumane. Large numbers of them died before they even reached there right now the United States has approximately maybe 18% or so of the country is black African which came through slavery and in 1863 with the Civil War in the US slavery was abolished it was no longer allowed after 1863 that you could have a slave became illegal but the issue was that at that time when it was abolished you have a set of people who have no education and who are at the absolute bottom of society right they're the and even if you look today 2023 per capita income amongst white Americans or amongst Asian Americans or amongst Hispanic Americans or black Americans black Americans will be the lowest so the government in the United States came up with something known as affirmative action and affirmative action in the United States is very similar to the cast system in India. So, what or the quota system in India. What the government said is that they told the universities that if you relax your admission criteria for underprivileged minorities like blacks or Hispanics and so on it's okay that's a good thing to do and they also created a number of things where let's say government is giving some project to build a road they did a set aside they said 20% of the money has to be going to businesses owned by black people so that they can rise and so all these different things were done to basically try to level the playing field right. The same debate goes on in the US there are people who say that the injustices that were done earlier were done to

people who are already dead and gone we should today treat everyone the same and we should not have any differences in how we are treating them.

Second group of thought is that these people are much lower because of the history, and we have to make them rise because that's the best thing for society and so in the US this debate goes on there's all these things going on. In India we have the same debate going on right and what has actually happened in India is that the scheduled caste system of reservations if you go back and look at what has happened in history it has actually uplifted the schedule castes quite a bit, their standards have gone up quite a bit. The same system that has been applied to the scheduled tribes has done almost nothing because I think the scheduled tribes are so low you know there are so much at the bottom you know Adivasis in the forest and so on that there are some additional programs needed to just get them to Baseline before they can take advantage so there is a very good case to be made in India I think to take down the reservation for the scheduled cast or to re do that list look at it by cast by cast look at how people are doing in each of those categories and remove the ones that are reduce the benefit to the on that don't need so much benefit. It will not happen because it is political suicide; any politician who says stands for election saying I will take all these people out will not win any election he may not even survive he may get shot.

Okay so basically, we have a kind of Politics on top of that to deal with. So, then we get to a place like Dakshana right Dakshana can make its own policies whatever it wants and so on I am of the opinion that what would be the best system would be income-based system not a caste-based system but because they did not yet make me the Emperor of India with unlimited powers and lifetime appointment. I told them make me the Emperor of India for the rest of my life I'll change the country they said please sit down. Go sit in the corner, time out okay. They're not interested so the reality that Dakshana has to deal with is that the IITs have a quota for schedule cast and the IITs have a quota for scheduled tribes and IITs have a quota for disabled right. They have all these quotas they have quota for girls also now we cannot ignore those quotas if we ignore those quotas our success rates will go down. So what we said okay if there's the schedule cast quota for IITs why don't we take schedule cast kids in Dakshana who are very poor and help use that quota properly what happens is that if you take Dakshana out of the picture all those quota seats in the IITs go to middle class or higher families right the people who can afford the coaching and so the schedule cast or the schedule Tribes will take those seats are the ones who are already uplifted. Because they can afford the coaching so what we did at Dakshana we said okay whether we agree or disagree with schedule cast, schedule tribe whatever we don't care we do agree that poor people should get a chance so Dakshana is a very simple model we try to screen for income and we take so for example the IITs have a 3% quota for disabled and Navodaya has a 3% quota for disabled the quotas are matching what we found is that disabled quota and IIT is almost not used at all because there are so few people who are aware of it or applying for it and they also have a stringent criteria. If you get to IIT as a disabled person there is a medical exam so a doctor is going to certify whether you are actually disabled or not so you cannot just you know, get some fake certificate saying my leg is gone you have to go there and show them that you have no leg. Okay you can't get show some certificate so there is no corruption in the IITs in the disabled quota right. So, Dakshana, I feel if we take kids who have arms missing or legs missing or one eye missing in India the disabled are not treated well so we do a really good job anyone disabled over here? Do we have any disabled scholar? What is your disability? Oh, your hand? Okay, so see when you go

for the medical it'll be over in 10 seconds. You just show your hand, and the doctor will say everything is fine so basically your hand having a disability does not stop you from being a functional person are you right-handed or left-handed? Right-handed can you write with your right hand you can write so there's no issue so that's an example of a disability that we can actually work with you know we can make things happen so basically my take is the quota system in India needs to change. They refused to make me the emperor who could change it so I have to stay within my little Dakshana universe and see what we can do within that universe and that's why we do that. Next question.

Neha: Hello Mohnish, I'm Neha from JNV Khammam, Telangana what is your aim actually you have been helping poor students across India to get into IITs and medical colleges since, 17 years. So, what do you advise us so that we could also reach such a high position and contribute to the society like you. Thank you.

Mohnish: Okay, well that's a good thing. So, as you can see my aim is just to play math games. You know I just like to play math games and I would encourage you to also play math games. They are fun and I feel that this group you will do well in life and I hope when you do well in life you will also look at how you can help others in a manner that makes life better for everyone so you can all think about the situation it doesn't need to be anything to do with can be in your village or Community whatever it's not a problem and so that's what I would encourage you to do is right now I would just say focus on the JEE focus on doing well in IIT. Focus getting a good job and then after a few years when things are well set your family is taken care of and all of that then you can start looking at okay what else are possibilities, and we can take it from there, so next question.

Renuka: Hello Mohnish, I am Renuka from JNV Kadapa, so my question to you is in this 17 years journey of Dakshana have you ever felt regret about starting this Foundation? Thank you.

Mohnish: Okay, well that's a that's a good question. I started in 2007 and almost immediately after that there was the global financial crisis in 2008 and 2009 and I had set a formula when we had started Dakshana at that time So, in 2007 my net worth was about it was about \$85 million and I had set a plan at that time because, I was only 43 years old. That every year I would give 2% of the amount to Dakshana. So, this was supposed to be about 1.7 million. by 2009 this amount had gone down to 20 million. Because the stock market has crashed and there was a big drop in my assets. And this formula of 2%, it was 2% over 50 million so what the plan was that if the total assets are under 50 million, we give nothing and over 50 million we give 2%. When I was at 20 million in 2009 it was not sustainable to give like the 1.7 million was too high a number you know I would be like a possibility of having all money gone for example so I was very concerned about the program and where we were at and so I decided that in 2009 we had a few Scholars we were had Scholars going through our program we said anyone who's in the program we'll continue running the program get them through their coaching but we will not take a new batch right so we said that in 2009 we will skip a year we won't take a batch and I went and talked to Navodaya and I explained to them the problem I was having and they understood and they said look don't eliminate the program reduce the size so we were at that time taking about 400 kids a year. We went down to 50 per year. We only ran in 2009 for all of India we only took 50 Scholars and we put them at JNV Bangalore, so and I said that's fine we can take a small number we

can downsize the program and so on now when the markets went down that that much by 2010 it was my net worth was more than 40 million, 2011 was more than 55 million and so on. things came back. No problem right and so let's say 2009 we took 50; in 2010 we were back at 400. We just were it was easy to see that things would be okay and so I would say that in the in the journey that we had the 2009 period was probably the one where I was very concerned about whether or not the program will continue and what the situation was and all of that and I was grateful for the advice of the Navodaya Samiti then there some of the people were who said that Indian government works with president and we had MOU with the Indian government and they said don't go to a point where the program is abandoned because then they said restarting may be hard. Just keep it going in a smaller scale so that worked well because it never stopped and so that worked out well. And so, I think in the 17 years what has happened with Dakshana has exceeded. All my expectations by a very wide margin the partnership with Navodaya has been excellent, really good people joined our team. Now we have a lot of alums who are part of Dakshana. Ravi is Alum for example and more and more of our faculty and our management is alumni from Dakshana which is good because they were in your shoe and so they understand the situation quite well. Next question.

Saniya: Hello Mohnish, myself Saniya Rupavath, from JNV Nalgonda, Telangana so my question to you is there is a saying in Bhagavat Gita that says it is better to leave your own destiny imperfectly than to live imitation of somebody else life with perfection so according to you is it okay to have a role model to motivate or should we get motivated by ourselves? Thank you.

Mohnish: Okay, yeah, I think that it's a wonderful question and it's a wonderful way to think about it what I have always found from for my own journey is that I don't need to come up with my own answers for many of the issues. I face many times someone else has already figured it out so like for example everything about compounding that I learned from Warren Buffett right and I tried to follow that approach. I followed that approach because when I tried the glove on it fit quite well so if I did not enjoy the work or something like that, I would not do that, so I always ask myself when I'm doing something whether this is something I enjoy doing or not.

So it's I agree with Gita that you should not be walking in someone else's shoes with their Journey but I also feel that you should look around at models that people have used in the past and whether those models can be applicable to you so sometimes these Role Models can be living people and many times they can be what Charlie Munger would call the eminent dead so we have a lot of great things to learn from the eminent dead and now Charlie has joined the eminent dead and so yeah I mean I think that cloning or copying is a very powerful model most humans have some kind of a mental block against doing it they feel like it's somehow beneath but actually if you follow it gives you a very big Advantage. So, for example some of you may be familiar with D Mart. D Mart is a business model that was completely copied from Costco and Walmart in the US. Mr Ramesh Damani he's a supporter of Dakshana. D Mart gives us money every year and I asked him I said you know how come Dart is so successful, so he said I read a book. I said what book did you read? He said Made in America by Sam Walton. It's a book written by the founder of Walmart, okay. That book has sold like more than 20 million copies worldwide it has been published in every language millions of people read that book so if you read that book there's nothing special. He said I read the book eight times okay. So, he looked at that model very intensely whereas everybody else who just read

the book uh it's okay good. If you look at Microsoft as a company almost every product of theirs that has succeeded has been have been copied from someone else. So, Microsoft Word was copied from Word Perfect which was a product that exist in before word excel was copied from Lotus, Windows was copied from the Macintosh and Bing was copied from Google and even now with AI they have taken it from you know ai.org. So, but they got a lot of success only by copying right I mean so there's a lot of Advantage if you can use a model that someone has already created but you have to make sure it's something that you would be excited about, next question.

Sri Nithya: Hello Mohnish, this is Sri Nithya from JNV Adilabad, Telangana. Can you please share an incident in your life that inspired you to great extent, thank you.

Mohnish: Okay, thank you. Yeah, I mean I think we can look back, in your case I think there's not that much to look back on, but there are things that happen in our lives at different times that have huge impact on us and it's something that's sometimes just random or something which appears really small. So until I was in 8th standard and I went through CBSE like you, So typically in the class I remember when I was in third standard in a class of 60 my rank was like 58 and I remember in third standard there was a big the school had like 100 kids in the class was big classroom not a very good school I remember being in that classroom and not understanding anything that is going on whatever teachers putting on the board whatever I had no understanding of I was sitting with the back in the class the Acoustics was not very good can't hear what's going on whatever so I just accepted that I'm a below average student it is the way it is some people are above average some people are below average in 8th standard I was at this school in Delhi and this group of people two or three people had come to the school and they conducted a IQ test for all the students in the school and in my case I had the highest score of my entire class that school that I was going to in Delhi the Airforce school was one of the best schools I had been to it was very competitive. The students were very smart and out of 40 kids my rank would be like 30 out of 40. Little better than 38 out of 40 so this test takes place for the first time ever in my life I am number one. Never happened okay and I'm a very shy kid so I go up to the two people they are like packing up all their stuff and I said can I just talk to you for a minute they said yeah sure, so I said what does this test result me so while the guy is packing his things, he oh you are extremely smart. So, I sent my grades and all my marks in all the subjects are very low so again the guy is packing he's not even looking at me he said oh you are not applying yourself if you apply yourself, you'll be at the top okay. And he said you didn't just come first in this class he said you came first in the whole school okay so and then the guy packed his things and left and from that day onwards the rank started improving so within one month I was like 25th Rank and within maybe one year I was in the first half 18th rank or something and by the time I finished 10th standard I was um probably top 20% in the in the class then by the time I finished 12th standard I was third in the in the class that in that school and then by the time I finished College I finished a degree in three years top 1% so it just kept moving up right and it was a two sentences someone said to me at one point not even making eye contact and talking so sometimes things like that can happen which can be quite interesting.

I was in London vacationing with my wife before our kids were born in '94 and I was looking for a book to read when we were going to fly back to Chicago for to our home about 10-hour flight, so I picked up a book by Peter Lynch he's an investor called One Up on Wall Street. I didn't know anything

about investing, I just picked up some book to read on the flight and I loved the book it was really good I really got excited about the book then I saw that he has one more book. I read that book I like that also a lot then there are no more Peter Lynch books he only wrote two books but then he was talking about a guy in the second book some guy named Warren Buffett who I never heard of and then I started to research Warren Buffett that opened up a big world to me and what I did is that I just kept going deeper and deeper into that world which was not a world that I had been trained on or had experience in or any other education in or anything but I just kept learning myself and so what will happen in your life is that these types of things will happen you read some book or someone make some remark whatever what matters is not what was said to you or what you read what matters is your reaction so when you find something that really resonates with you a lot you have to go on in you have to like say okay I think I'm going to really enjoy going deep into this area and so I'll go deep and see and some of those maybe dead ends they may not be areas that work out but some will turn out to be great and uh so that's the way I look at it so I think that as we go through our life Journey we have to pay attention to these what I would call the AHA moments you know they come up at very random times very in very strange ways.

So, I'll give you one more example in 2019 I was visiting Turkey Istanbul the capital of Turkey the birthplace of Ustad Asadullah Khan Khalib also known as Mirza Galib. Have you heard of Mirza Galib? He was Turkish he came from Istanbul. But in 2019 I was in Istanbul and the reason I went to Istanbul was that when I was looking at stock markets around the world the Turkish market was showing to be extremely cheap like the cheapest in the whole world and I happen to have a friend of mine in Turkey who was a disciple of Warren Buffett just like me and Hayder Acun so I contacted Hayder and said Hayder I want to visit Istanbul for a week and I would like to visit companies that you have invested in your Fund in your investment fund I said don't tell me don't take me to any companies where you have not put money only the companies where you have invested. So, he said oh it'll be a lot of fun please come to Istanbul we'll have a good time. So, I was visiting different companies in Istanbul, and we were driving. We were driving to this one company and as we were driving, I was asking Hyder some questions about the company that we were going to see so he was saying that this company which is called it's called Reysas. The market cap was 20 million what that means is that you could buy the whole company for 160 crores okay. Market cap was 20 million mean that's the value of the whole business okay the liquidation value was 800 million what that means is that if they just sell everything stop the business sell everything they'll get 800 million which means that if I invest in the company at 20 million every dollar I invest I'll get \$40 back \$1 becomes \$40 in one day you know so you know I told you like these weird things happen at random times so I told Hyder fraud hai kya? Is it a fraud you know how there are so many fraud companies? He said no, no it's not a fraud company It's Perfectly Normal company, I have an investment in it. And what was happening at that time in Turkey is that all the foreign investors everyone was exiting the market because the Leza was so un stable and the government policies were so bad that was the reason the market was so cheap and things were very mispriced, So I went and met the owners of the company they look perfectly normal good people to me and they owned they owned 80 warehouses. These were industrial warehouses large, huge industrial warehouses like 3,000- 4,000 ft each one like Amazon has rented a warehouse, Ikea has rented a warehouse and Mercedes has rented a warehouse; so, they have. And these are warehouses which are 99% rented out you know the rent comes every month it's very

stable and so I went and saw these warehouses they look perfectly. Look very good to me and I started buying the shares because, I could not see anything wrong with the company and I ended up spending 8 million to get one third of the company okay so for \$8 million investment I got one-third of the ownership of the company now today in 2023 the value is 500 million so it has gone from 20 million to 500 million in the last four years because it was so cheap right it was it's it was very undervalued and so our 8 million has 150 million approximately but they have increased the value of the business the value of the business now is 1.5 billion so it is still cheap it's still going right and so something like this with a company like this I will see it two times in my lifetime if I'm lucky okay and when it will show up and how it will show up is very hard to predict right and I realize that the people running the company they're extremely good so I decided we don't ever need to sell this just keep it forever right and so like I said like that guy shows up in the classroom or I accidentally hear about Warren Buffett or I'm in Turkey and something like this is happening you know these are things that are difficult to predict but what you have to do in life is you have to what I would call invite serendipity you have to invite randomness into your life when you invite randomness into your life unusual things can show up like when I made my trip to Istanbul I really was not planning to invest anything I just wanted to understand turkey better see what was going on I didn't really have any plan beyond that right and what it opens up opens up some opportunities, next question.

Roopa: Hello Mohnish, this is Roopa from JNV Mahboob Nagar, Telangana, and my question to you is, Is it right to choose a job which we don't like and get more money?

Mohnish: You know if you become a civil engineer for example when you finish from IIT or NIT, Computer science graduates will make more than Civil engineers because there demand is more but after 5 to 8 years the civil engineers will be making more because a good experienced civil engineer India has a big very big shortage so what happens is that someone who starts out at a lower amount you know ends up in a different place. It's not a good idea to decide what to study based on how much money it pays that's a really bad idea so I had a IT serve business and after I heard about Buffett in '95 for and I started to do Investments I was getting more and more interested in Investments less and less interested in Computer science and Information technology and all of that and in 1999 I left my company the IT company and went all into Investments set up a fund and all that one of my when I left that company and I brought in the CEO then later I sold the company there were about 170 people in the company. One of my senior employees came to me he had joined I was just starting out and he said to me Mohnish it is the hottest field you are leaving it I said yeah I'm leaving it he said are you mad this is the hottest field this is going to do so well I said it doesn't matter how well it does I want to do what I'm excited about doing right so I'm going to do whatever I want to do based on that. Then recently I ran into him again he's still in it okay and then I told him you know uh I told him Rajiv you know what you think of my switch leaving the hot IT behind he said I bowed deeply. I was wrong and I said I did not know that I will do well in this field or whatever else or any of that if you go into an area that you have a lot of interest in and you work hard in that area it is not possible that you will not do well you will do really well and it is not worth wasting your time just to collect a pay check that's very bad idea. We have a very short life we don't want to waste the life on just doing things so what happens is that when you go to IIT or when you are graduating from IIT people will ask you where you are going to work, and everyone wants to go work for an employer that

looks very impressive. I'm working at Google, I'm working at Microsoft, I'm working here and there whatever is the wrong way to make the decisions you should go to work you should go to work for people you like, admire and trust. So when you're trying to figure out which company or which group or entity to go to work for it's the people that you will work with that are the most important and the people that you work want to work with you have to make sure you like them you admire them and you trust them if they don't set that criteria and in none of this is the salary they salary is irrelevant doesn't matter if it is one third or 1 half of what someone else is paying you go to the place that you have the most interest in in the long run you come out way ahead, next question.

Amrutha: Hello sir, I'm Amrutha from JNV Davangere, my question to you is which one do you think we should inculcate in our life everything in something or something in everything.

Mohnish: Have a seat. Well, I think, you want to do everything in something right. I mean the key in life is to focus so you want to don't you, don't want to be a jack of all trades. You really want to be a master of something. So, if you have to choose between being an inch deep and a mile wide on a mile deep and an inch wide you want to be a mile deep and an inch wide. So, you want to find what is your calling in life finding your calling in life is not easy, but you have to try different gloves on to figure out which glove fits the best, which work you like the best, which people you like the best to work with and then go on. Okay, well it was a lot of fun time to spent with you. I hope you enjoyed the session. The key in life is how many doubles you can get. That's the key in life, how many doubles, and then everything is okay.

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