

## Mohnish Pabrai's Q&A Session with Dakshana Scholars at JNV Bangalore Urban on Dec 24, 2023

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**Mohnish:** Good to see you guys again. But why don't we start with the first question.

**Harshit:** Hi Mohnish, I am Harshit Saini from JNV Saharanpur, Uttar Pradesh and my question to you is, do you have any profits from Dakshana?

**Mohnish:** Let me ask this group a question. Do I have any profits? How many are saying yes and how many are saying no? To apke classmates keh rahe hai, ke profit nahi hai to, the next question comes, Angle kya hai, Chakki kyo pees rahe ho, is that the question. Okay well the reason there is Dakshana is not so that I can make a profit. And you know I should tell you a little story and then I'll try to explain your question a little more length is that one time I was at the Navodaya Samiti headquarters in Delhi was signing some MOU they were authorising everything. So, the head of academics Alok Verma, he says to me you know we are very comfortable dealing with you and dealing with Dakshana because you are purely a person focused on charity, no profit. I said Alok, you are so mistaken, I am a hardcore Dhanda guy, I strongly believe capitalism, I strongly believe in making money. They said, nahi Sir, but apka to coaching me to koi paisa nahi banta hai. I said, coaching me paise isliye nahi banta hai, because it's a stupid way to make money. I have more advanced ways to make money. So, I don't need to do stupid ways to make money. And so basically why is there a Dakshana, this is the question. Why is there a Dakshana, and the answer is that I actually did not want what there to be a Dakshana. I tried really hard, ke Dakshana nahi exist kare, but I failed in that attempt and because I failed in that attempt, we have a Dakshana.

In 2006 I heard about Super 30 for the first and I contacted Anand Kumar. I said Anand, Aap first class kam kar rahe ho. 30 students hai abhi, let's increase it to 300 and I'll write check you run the program the way you want. You'll never hear from me, every year a check will arrive, he said humko kisi ka check nahi chahiye, humko growth nahi chahiye. Humko 30 pe hi set karna hai. We don't, I dont want to go to 31. I want to stay with 30. So, then I thought face to face milke baat karte hai. Email pe to baat nahi ho sakti. So, I went to Patna. I met him Face to face, again told him the same thing. He told me the same thing, ke not interested. So, then I said agar apka program hum copy kar le, isme aapka koi aitraj hai? He said no, ye to bahot acchi baat hai, aap kariye, hum apki madat karenge.

So, the problem I have is that basically you know June 11<sup>th</sup> 2054 is my departure date from planet earth. June 10<sup>th</sup> 2054, I want to be left with 10,000 okay everything should be gone by then, except 10,000. Today there is let's say about 600-crores. This Is 2023, and this is

growing at least 15%. okay so when we get to 2054 this is 30.5 years. You can just round figure it and say 30 years, right. Do you know the rule of 72? It's a shortcut in mathematics if I want to know how long it will take money to double at a certain rate of compounding. I can use a rule of 72 so if I'm compounding at 15%, I'll do 72 divide by 15 this is approximately equal to 5, okay. What that means is that 15%-year money doubles the five years, okay. Now if I have 30 years it's six doubles. Six doubles is 2 the power of 6 that's 64. So, the 600 will become 600 time 64, okay. And maybe it's around 40,000 crores, okay this 40,000 crores has go to 10,000. Rupees not crores, okay. Now there is a engine that's increasing wealth, but there's another engine which is also running at the same time. Besides the 600 crores other people have given me 6,000 crores, and they have told me you invest this money to make it more money for us. The deal I have with them is that the first 6% return on this money goes to them that anything above 6%, 25% comes to me and 75% goes to them okay. Money is growing at about 25% when I combine those if you apply Rule of 72 that is a double approximately and what that means is  $30 \times 2^{10}$  is 1024 is approximately equal to 1,000 and that means 6 lakh okay this is where we end up in 2054 if there is no Dakshana in the picture. Now we come to Dakshana in the picture. So, you can understand and then the in the end I will explain why I'm doing all this madness. You'll know what I'm saying, Ye sab chakki pees rahe hai kyon kar rhar hai. Kya ho raa hai? So, the six lakh crores, is where we end up right. Now Dakshana has 1,000 kids a year we take. Each kid costs us 2.5 lakhs, we are spending 25 crores per year okay. Now in that engine there is about 150 Crores coming in that engine I explained. Usme se sirf 25 crore ja raha hai. So instead of the money going down it is going up, the whole system is working backwards. On top of that what has happened is other people have shown up who want to give money to Dakshana. I am not able to give 25 crores. I'm telling Dakshana take my money, Dakshana is saying we cannot use your money. So, I'm only able to give 8 crores and other people are giving 17 crores, so instead of 25 has been reduced to 8. Let's think about it another way. 17,000 IIT seats are there. Dakshana even if it does the most extreme job it can do, cannot take more than 2000 seats. 2000 seats will be 1 in 8, one in 8 people on Campus from Dakshana wearing a black shirt, right. That's a very high probability. If Dakshana were to send 2,000 kids to per year right it means we are training about 3,000 kids. 1/3<sup>rd</sup> NIT chale jate and 2/3<sup>rd</sup> IIT. So, 3000 Kids. We take 3,000 kids that's the maximum number we can have and still have decent yield that right. Now if I do medical coaching whatever I add another 2000 all the other on 5000 okay. If I take 5,000 kids in the program this will cost 125 crore, per year it will just go up five times, right. Now, we have lot of difficulty like this program has been running with Navodaya from 17 years. There was a plan to have centres like this at eight locations. And, we keep telling them we need more location with 300 Kids. Even in this location we to have another 120 dorms so 360 kids can be, we don't have the dorms and even if I tell them that Dakshana will build the dorms 100% paid by Dakshana, they will not accept. That's why we bought our own campus but let's say at some point I'm spending 125 crores a year, to get to 5,000 on our own campus. It doesn't happen on JNV campus, it happens at Dakshana Valley and may be 2-3 other campuses. So even at the 125 a year times 30 years is 3750 crore, and even if there were no donors, it is six lakh crores that needs to be spent. And you can see that I have real serious problems in life. You

know all of you thought you had problems in life, you don't have problems, I have problems, so basically why did I start Dakshana. Reason I started Dakshana, because I like to play math games and I'm playing two math games, and you are unfortunately or fortunately the part of the math game. And so basically the thing is that I need to find a way to take this six lakhs down to 10,000 rupees without burning the money you know I can burn the money that's not a good way to do it I want to do it the intelligent way okay. On the other hand there's an engine which makes money. I want to keep running that engine because that also is a lot of fun so that's what I do I have two math game engines running.

**Prashant:** Hi Mohnish, I am Prashant from JNV Mainpuri, Uttar Pradesh and my question to you is how do you manage Dakshana and business together?

**Mohnish:** Okay, very good have a seat. I actually don't manage anything. I just play math games, as I explained to you. One math game to max the money second math game trying to give it away. One math game is working very well the second math game is not working so well. But I have 30 years to fix the second math game. It's not so much like there's the business and then there's Dakshana. Dakshana is the business. I try to explain this to NVS also. Wo keh rahe the ki aap philanthropist ho, ye ho, wo ho. I said Hum hard core Dhandha aadmi hai, okay. And Dakshana is a business, It is not a business that is focused on making money, but we have metrics. The number of kids that go to IIT, the ranks get, the conversion ratios the amount we spend the effectiveness of that spending these are all the same things business cares about. The only difference is that business at the end of the year measures how much money is left for the owner and In Dakshana we measure what was our success rate. So, it's almost the same. So, even the way I think about it is very similar.

**Ravi:** Hi Mohnish, my name is Ravi Prakash Rain, from JNV Bikaner, Rajasthan and my question to you is what is so special about this that you are spending your valuable time to see us.

**Mohnish:** Okay, very good. Have a seat. It's just part of the game. Game chala rahe hain na, to thoda aake baat waat kar lete hai. Badi baat nahi hai and so it's just part & parcel of the the game and I enjoy both parts of the game I enjoy the making money part. I enjoy the giving money away part and I want to make them both kind of converge to that number and so it's all part of that journey and makes it fun so that's why I'm here, next question.

**Rohit:** Hi Mohnish, I am Rohit Meena, from JNV Dholpur, Rajasthan, and my question to you is do you have any plan to step into politics for the welfare of people?

**Mohnish:** Okay, that's a great question have a seat. There a there's a big difference between being a politician and being a CEO or entrepreneur. In a company it is a pyramid. Person at the top is a dictator. Absolute power, So, whatever the person at the top wants, good, bad, ugly it will happen, right. Because they control everything. And that works for me to be at the top of Pyramid. In politics you have to play a lot of games and I don't like those things. So if there were a possibility to be the Emperor of India, with

unlimited powers for my whole life to do whatever I want, that might be interesting. Ka se kam 6-8 campus to ho jayenge aise, amongst other things, okay. But no one is offering the emperorship of India to me, and anything else which would be within a political structure, would make my life so miserable. That it would be terrible. So, it is I try to do things that make me happy, politics will make me extremely unhappy, so not for me. Next question.

**Sanjeev:** Hi Mohnish, my name is Sanjeev Kumar, from JNV JP Nagar, Uttar Pradesh and my question to is what made for an investor to invest in that Dakshana.

**Mohnish:** Good question, So, nobody is investing in Dakshana. Kuch aisa system nahi hai, ki agar hume koi paise denge to paise jyada karke wapas denge. Jaise investments me hota hain na, Aap mereko kuch paise dedo, mai usko badha kar ke wapas kar denge. What happens with Dakshana is that, you give the money to Dakshana, it's never coming back to you. There's no return of any money back. So, the people in India and outside India who are giving money to Dakshana, dimaag fir gaya hai. Ab mai kya batau apko. Kuch aise log hai jinka dimag fira hua hai. Jo sirf paisa dena chate hai, with no strings attached. With nothing attached. Thank God the world has such kind of people. And so these people in India and outside India were giving money to Dakshana, are giving it because they have actually understood two things. First thing they've understood that when they die they cannot take even a pin with them. Anything that they have on this earth they cannot take with them. So, yahi par chod ke jayenge. now if you cannot take it with you, there are only two things you can do with it. You can either give it to your gene pool, give it to your kids or you can give it to society. And the problem with giving it to your kids is that too much money given to your kids is going to hurt them more than it will help. Abhi koi kisiko itna paisa dedo, wo to bed me baithe hai IV drip laga ke, bed chodne ki jarurat nahi hai. Everything they want would be given to them so they will not have a productive life. So, if you want your kids to have a productive life extreme large amounts of inheritance is not going to allow them to have productive life. Allowed to have a non-productive useless life. Buffett has the saying I want to give my kids enough money for them to do anything they want, but not enough money to do nothing, okay. Enough money do anything you want but not enough o do nothing. And that's a very good way to settle that argument. So if you have too much money even you give to your kids then you only have one choice, which is to give it to society and when you look at giving it to society Dakshana had a good choice, so the foreigners who are giving money to Dakshana are giving money to Dakshana because they have thought about it and they have come to the conclusion. So, they have come to three conclusions. The first conclusion they've come to is spending more money themselves will not make them happy. They have already got the lifestyle and things they want, the happiness level they want. They are not able to increase their happiness level by increasing spending. They also understood giving it to the kids will have some limitations. So, you are only left with third choice. And that's why they end up the way there. So life is good, next question.

**Veeresh:** Hi Mohnish, I'm Veeresh from JNV Mandya, Karnataka and my question to you is how much time you spend for Dakshana in a day.

**Mohnish:** Okay that's a good question. The answer may disappoint In a typical day, I'm not spending any time on Dakshana. I try to play Golf every day, I try to play bridge four five hours a week. I spend some quite a bit of time on making money. Because I like that, but Dakshana actually I spend very little time because there is a team running things very well. Twice a year I come to India in July and December. Even when I come to India, I don't go to the Dakshana office. I barely know what the office looks like and I don't have meetings with the people running Dakshana. They already know what to do. Unko milne ki koi jarurat nahi hai. Sara system already set hai. To hum ate hai India mein, hum scholars se mil lete hai. Thodi humari baat cheet ho jati hai. And that's it. That's the time spent, next question.

**Abir:** Hi Mohnish, my name is Abir Barman from JNV West Burdwan, West Bengal and my question to you is there's a famous saying that if you want to grow rich let money work for you. How can we use this principle to manage money in our early life.

**Mohnish:** I have already told you my email address mpabrai@dakshana.org. I also told you we can only optimize one variable. Which is to get you into IIT. Agar abhi aap dusri cheezo ke bare me sochna shuru karoge, wo optimisation of variable and beating Ashok, will go out the only way to beat Ashok is to think about nothing else. You have to all your waking hours just think about beating Ashok. So, 2027 send me this question. Tell me in that email that we had a conversation in 2023, and I will send you a reply in 27 to it on how to deal with those things. Until then be focused on something else.

**Rejaul:** Hi Mohnish, my name is Rejaul Karim Laskar, from JNV Hailakandi, Assam. My question to you is out of a scale of 10 how much do you rate Dakshana's performers over this years.

**Mohnish:** I would rate Dakshana's performance over the last 17 years as 15 out of 10. I would rate it at 15 out of 10. The reason it is 15 out 10 is because I am not running Dakshana. If I was running Dakshana, it may be 5 out of 10. But the good news is all of you I'm not running Dakshana. I'm playing some math game. And other very good people are running Dakshana. So Dakshana actually has significantly exceeded my most extreme expectations.

**Ayush:** Hi Mohnish, my name is Ayush Kumar Ahirwar, from JNV Sagar, Madhya Pradesh and my question to you is have you gone through any losses while running the Dakshana for so long.

**Mohnish:** Well anytime you do any business or in this case charity or any endeavour be it we embark on we going to have good time and bad times this part of the part of the whole equation. Dakshana always goes through different challenges at different times I want to give you an example of some of the challenges we gone through. One of our principle the Dakshana is that we will never pay a bribe to anyone. Not even a one-rupee bribe. Perspective was that we would shut down Dakshana, before we would do. So, we not trying to create a good we just will not pay a bribe. Now you may think that a non-profit charity has no reason to pay bribes for anyone. But I'll give you an example we've had dozens and dozens of time when we been ask very direct for bribes and many times they put a lot of obstacles

inn our path. So, I'll give you an example of what happened, I think in 2008 is we were running this hostel in Faridabad, in Haryana and the students were living there and the classrooms were in the same building, and the building did not have enough power coming through the building to allow us to air condition in the classroom. It used to get very hot the Basement and so we went to the electric department and said that we to increase the amount of electricity that is sent to us so that we can install our Air conditioner and run them. So, they came and visited and the guy gave us a tariff card, which said if you want so much power you pay so much, so much power you pay so much, and the tariff card looked like a official document. But he clarified that it was not a official Tariff. It was a bribe card and he said that we have standardized things in our department, taki sabko same bribe dena pade. Aur system set hai. So, he said if you want so much power you pay so much Bribe, and we will deliver this power. We explained to him that we are a non-profit and that we cannot pay a bribe. And that we are trying to educate poor children. His response was Hum bhi to Gareeb hai, and he said that there are no exceptions. If the bribe is not paid the power will not be provided. So, the bribe was very small amount, around 10,000 rupees. If we had paid the bribe, nobody will be knowing about it, right. But we would know and so we were not willing to pay that bribe. We installed diesel generator, which created lot of fumes, because they were large generators, and they ran in front of the hostel they look really ugly. And it was costing us about 1.2 lakhs a month. Ye diesel cost to run those generators. We ran those generators for the entire period we had that time. That campus in Faridabad, because we could not pay the bribe. But that was one of be easier in the sense that we know that it's going to cost us more and Dakshana will always take the direction of paying more rather than paying a bribe. We bought this 100 acres of land in Pune, anything with real estate or land purchase or any of that Every level wants to get feed at the is so there were lots of corruption. Every person at every level wants to get paid off. And Dakshana is not going to pay anyone, anything. So there were lots of people even the Peon will say want to go to meet that person you have to pay me first. Everybody wants payments, all small payments, nothing big. But we cannot make those payments. So our Land is stuck we are not able to convert the zoning we are not able to do a lot of things because it's stuck and it was becoming very hard to function because the those departments are so corrupt. So, finally I got a friend in the Prime Minister and I explained to my friend that look, Mr Modi and you would think that India has no corruption. It's not the case. So, he said anytime, anyone ask you for a bribe send me an email. I said okay no problem. I gave him a list of people. In this whole land, wo teen din baad humko call agaya. Aap humse directly baat kar lete. PMO ke office jane ki kya jarurat thi? Sab approve ho gaya hai Sir. So, the PMO office probably told him that their transfer to Andaman island is going to happen in one week or to Lakshwadeep or to Mizoram or something or maybe to the Kargil area with the terrorist. So, they cannot fire them but they can transfer. So, but that's a very unfortunate thing that in India if I have to deal with the corruption it has to go to PMO. That like has to go that high up and they can work on these kind of issues and we still even now we run into issues now the guy the PMO office is not there contact issues and there are all kinds of things that people bring up there lot of road blocks people for it we have somehow been able to manage but we

don't know if we will always be able to manage. Right and at some point that we can't manage that we have to shut down, and that would be very sad but that's the way it is. So, that's how it goes with all the problems. But the bribing is only one part of the problem there are 100 other problems next question.

**Gopal:** Hi Mohnish, I am Dharam Gopal Krishna from JNV Khammam, Telangana and my question to you is if not Dakshana then where you are to invested your money?

**Mohnish:** So, the reason the reason Dakshana got started was actually because I had no choice. I heard about the Super 30 program I met Anand Kumar. I wanted him to expand his program, fund him and be done. But he was not interested so we were forced to do Dakshana. Didn't have choice because there was no other program I could think of. If I had that situation today there is at least one choice that I have so there's a organization called Akshayapatra. So Indian government came gave up many many years ago with the mid-day meal scheme. Where they said that hot meal has to be served in government school and they did that as a way to increase literacy. They felt that if the hot meal was given the parents will send their kids. Ke ek baar to khana to mil jayega. Right. So with the objective of increasing literacy, they made this mandate of the hot meals. And all these different schools that had to deliver the hot meals, most of them found is cheaper to outsource. Find some company or catering or someone will make a food, bring it to the school, serve it and so on. Now all these companies that are providing this, want to make a profit right and also the contract for which company gets the contract for the food is subject to corruption, right. So, somebody wants to get that contract they may pay some bribe to get that contract. Now the amount allocated per meal is a very small amount. The government has some whatever 2 Rs, 3 Rs, 5 Rs, whatever they are allocate per meal. That company will make a profit somebody will get a bribe everything is coming out of the five Rs. so, the food quality will go down. What Akshayapatra does is they provide this mid-day meal service. Just like other companies but they don't they are not a for Profit. They are like Dakshana that they are non-profit. And they have donors like Dakshana has Donors. So, the five rupees they get the meal actually cost 10 or 12 the cost of the people is much higher than what they get because they have outside donors. Who are giving so the quality of the food being given to the schools is much higher because now they need to spend two or three time. For a school to give the contract to Akshayapatra is a no bring. Your kids are going to get much better food, also what Akshayapatra has done is they have innovated them so what they have done is they have set up very large, centralized kitchen with very high degree of automation. In fact, we visited their kitchens and we took some tips from the kitchen and we incorporated those into our Dakshana Valley Kitchen. Some of those were Incorporated in some of the JNV kitchens. So, they will set up a large kitchen which is producing thousands or Tens of thousands of meals, then they have a network of delivery vans. That fan out in the schools and the whole thing is run with military precision. Watching their cost carefully, looking at what preparation is the best, all these different details. So, the end result is that a school that is being serviced by Akshayapatra versus a school that's not serviced by the for-profit vendor it's night and day. Akshayapatra has been growing a lot. They are now in many

states they are probably serving thousand schools and they still have a lot of part to cover. So if there was no Dakshana I would look at that as a possibility. We may still look at that a possibility in the future so we want to look for models like that that's a really good model because the mid-day deal is a very good idea and having good is also very good idea and having a private sector company come in do that in a non-profit setting is also very good idea next question.

**Pratik:** Hi Mohnish, my name is Pratik Das, I am from JNV Balasore, Odisha. My question to you is if you are not a billionaire today then would you run Dakshana today.

**Mohnish:** In dollars I am not a billionaire. I don't know about rupees. I mean clearly Dakshana needs money to run. If it doesn't have money it cannot run. The good news now is that we have lot of outside donors who are giving us funds. So, I would think that Dakshana would continue at this point whether I am contributing or not. I think it will still continue, it may become up little smaller, but I think it will continue. So, I don't think there's a problem.

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