

THE ONE PERCENT SHOW

WITH VISHAL KHANDELWAL

EPISODE #1

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The Story Behind “One Percent”

Ben Franklin said, “Little strokes fell great oaks.” The Japanese have talked for centuries about Kaizen, which means ‘small continuous improvements.’ And you must have seen this equation showing the power of compounding 1% per day over 365 days: $1.01^{365} = 37.8$. In other words, 1% compounded each day is almost 3800% better each year. Big change, with just one percent.

What this equation and the accompanying advice means is that instead of trying to make radical changes in a short amount of time, if you can just make small improvements – just 1% better – every day, that will gradually lead to the change you want in your life.

That is the idea behind *The One Percent Show*. To take you on an open-ended exploration into the minds of the wisest people around whose insights and wisdom can help us learn to think, invest, decide, and live each day a little, as little as one percent, better.

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Welcome to [The One Percent Show](#) with Vishal Khandelwal. This show is an open-ended exploration into the minds of the wisest people around to help us learn to think, invest, and live each day a little, as little as one percent, better. You can learn more at vishalkhandelwal.com.

My guest today is **Manish Chokhani**, one of India’s most respected financial market experts. Manish is a Director at Enam Holdings and a Governing Board Member at Flame University. A qualified Chartered Accountant, Manish was one of the youngest MBAs to have graduated from the London Business School.

When he is not making decisions about where to invest, or even when he is doing that, you may find him singing, reading, painting, travelling, meditating, or at a Vipassana course, practicing the Buddhist meditation technique.

Manish is one of the wisest people I know of, and the kindest. I experienced his kindness when he offered to help me with his advice while I was working on my book *The Sketchbook of Wisdom*, and then readily agreed to write a foreword for the same, which I will be grateful for the rest of my life.

His insights and advice are the result of a life of critical thinking, reading, curiosity, and humility. Studying his ideas and thoughts over the years are a proof of how great things are accomplished through small, persistent steps.

We will cover a lot in today’s show, and I am sure this conversation is going to teach me and all its listeners a lot about life than just thinking, learning, and investing.

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Vishal Khandelwal: Manish, welcome to The One Percent Show. Thank you for agreeing to do the very first episode.

Manish Chokhani: Thank you Vishal for very, very generous and kind words. I hope I can live up to one percent of what you said. Also thank you for allowing me to be part of a book that I think will outlive both of us, because you have really created something outstanding. Also, for having me as the first speaker because you need to build up to better, better, better speakers as you go along. Therefore, it is better I start early, and I don’t get judged against the others. So, thanks very much!

I am starting on a high note and the expectations would be set too high given that you are doing the first show.

“[Meditation] helps you to stay a lot more in the present and grounded into what is going on and it makes you a lot more equanimous. For me, that has been the biggest benefit personally that in all forms of judgment, in all forms of attitude, in all forms of dealing with people, you just become a lot more objective, a lot more equanimous.”

Let us get started with something simple. Tell me what you are doing now that excites you the most and leads you to jump out of bed every morning.

Vishal, it has not changed ever. It is just the realization that this is how one is growing, you know, came to me. And I think the easiest way to express it is, at a mental level, you want to grow and think about more and more things. And for me, that became over the last four or five years a lot more about globalization and technology and stuff like that. So, at the outer level, you widen your lens, and at the inner level you sharpen your focus to go deeper and deeper into yourself to really find out your true purpose of life. It sounds very heavy, but it is what keeps me smiling and excited every day. And being with good people.

That is great! You are a practitioner of Vipassana, which as little as I understand, is a form of meditation that seeks insight into the true nature of reality. What does this practice – or meditation in general – mean to you? What has been the biggest change in your life that meditation has brought about?

At its very core, meditation is basically pure concentration, if I just strip everything out and try to demystify it. While someone may get you to meditate on a symbol, or someone may meditate on a certain sound, the Vipassana technique is what the Buddha had originally found. And he basically started focusing on his breath. Through that, he could go inside and examine what we call the *samskaras* inside our body.

Like in the bark of a tree, which leaves a memory of the season so you could find when it was frosty season or when it was a hot season. In the same way, we have certain memories embedded, or certain aspirations or aversions embedded, within ourselves. As you go deeper and deeper and deeper into that concentration mode of meditation, you find the whole drama of going between the past and the future, instead of being in the present. And you gradually realize that everything is basically an impulse which starts, peaks, and goes away like everything else in nature.

It helps you to then stay a lot more in the present and grounded into what is going on and it makes you a lot more equanimous as a person. So, for me, I think that has been the biggest benefit personally that in all forms of judgment, in all forms of attitude, in all forms of dealing with people, you just become a lot more objective, a lot more equanimous. That is really the most practical way I can describe this.

It is good you talked about equanimity. This subject has been like pretty close to me, and I have in the past written a few times about it, also in *The Sketchbook of Wisdom*. In practicing meditation, you learn to look at

the world with equanimity and you also believe in the fact that this too shall pass, and everything passes.

How do you maintain that sense of equanimity while investing, for example, or while making decisions when you are surrounded by so much noise, so much hype all around, amidst the vagaries of the world, and everything? How do you maintain that equanimity?

I do not know honestly how to answer it because it is part of your common sense now, I guess. But I can understand where you are coming from. It is like us asking Sachin Tendulkar that when you are batting and someone is hurling the ball at a hundred and fifty miles an hour at you, how do you stay focused? And don't you hear the noises in the stadium? Don't you feel the weight of expectations of all of India? Of course, while we are nothing compared to greats like that, I guess each of us in our own way, if you just stay present into what you are doing at that point rather than worrying about, like you said, all the noise around you, it just works. It becomes part of your nature.

So, I do not know how to say I'm practicing it actively to stay present, but I think the practice of meditation in a sense just makes it a lot more helpful to just stay concentrated and focused all the time.

And this helps you in your role as an investor as well.

In anything. Honestly, I find it even when I am singing. When you hit that perfect note when you are singing, that is a meditative state as well because you are trying to achieve that “sur” or note. And it applies in any act. I do not think we compartmentalize life to say, oh, I'm making an investment decision and I will be focussed, and when I'm with my friends I won't be focused and so on. I think you just stay in the present.

Take us back to your early days as an investor. I learned from your previous interaction that you got into the investment field rather accidentally. What has fostered that interest and that love for almost three decades now?

I come from a business family. My father used to run a paper manufacturing business and then a flexible packaging company. And we were not doing particularly well. I was a bright student, and my entire student life was a preparation to go into industry. The thought was that industry is what creates wealth, while in the stock market it is people shuffling money from left pocket to right pocket, but they do not really *create* anything. The real wealth creation is in industry. I had therefore completed a CA (Chartered Accountancy) first to learn the “daily business” toolkit and then an MBA to

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broaden out the horizon and have a larger canvas to help my decision-making.

But while I was at the London Business School, I happened to intern in the summer for what today would be called a buyout fund. I had an extraordinary mentor over there with whom I learned a lot. We were bidding for a packaging company, which he did manage to acquire. I just found that the process resonated so much with me. That this is going to transform not only this business, but the people and the products. And that this process is something which I intuitively understand, and I am good at, as opposed to coming back and making widgets for the rest of my life and camping outside Hindustan Lever, and Nestle, and P&G trying to sell them packaging material for the next 20, 30 years of my life.

I was also fortunate in that after coming back, my father used to always encourage me to have an open mind and very multidisciplinary thinking all through our different friends’ circle and so on. And he was kind enough to introduce me to Manekbhai (Manek Bhansali) through one of his friends, who is Vallabhbhai’s (Vallabh Bhansali) elder brother. And it was during a conversation with Vallabhbhai that I think I had my epiphany.

He said, “Son, you are coming from an industrial family, you will find an opportunity, you will gather the managerial resources around it, and then you will exploit that opportunity by having ownership and control. If you can bring that same mindset of an entrepreneur into the investing world, and you look at a business opportunity, here you get an option to look at various management teams, which are kind of readymade. And you can have as much ownership of that business as you like. The only trade off in your mind you must make is that you will have ownership, but you may not have control. But the flip of it is, you can have the benefit of various businesses, not just the one you are doing. And you will enjoy meeting the best people in the world and constantly be learning.” That resonated so much that I literally said, “May I start with you from tomorrow.” We had no terms, nothing. I just carried his bag around, and I was happy to learn. That is how I started, really.

Great! And what has fostered this love for 30 years now? What are the aspects of being an investor, a decision maker, that you really love and look forward to, day after day?

In a very spiritual sense, we talk of this concept of *swadharma*, which is your true nature. And I am fortunate that I found this true nature early in life. Now, I am actually a businessman and a manager, which I was trained for. And I am also an investor which is something any businessman in any case must do. Because at the peak of your company,

you're basically making capital allocation decisions and people judgment when you are hiring people or dealing with customers. So, it is not that different if you think of the way.

Even Warren Buffett said that a better businessman is a better investor and vice versa. And that really resonated. I think it was playing into my nature. And when you *know* I am good at this and I can enjoy doing this, it is liberating and empowering. The self-awareness that I can enjoy doing this every day, as opposed to the thought of, gosh, I will have to turn out packaging material for a Lever or a Nestle every day for the rest of my life, is life changing. It is great for someone else, but it does not work for me. It is the same way as you know, I may admire a cricketer or a movie star or a politician, but it is not for me, it does not resonate with my inner sound. And this just resonates.

Till today, like you asked me in the beginning that what do you do every morning, I do the same thing every morning. I try to learn more, and I try to apply more, and I try to become better each day. That is really what the journey of life is.

You mentioned about spirituality. I think you talked to with Mr. Chetan Parikh about spirituality and investing almost 17 years back. And that again resonates with me. So, I will come back to that. For now, what do you know about investing – so I am sticking with investing for some time before we move on to life lessons and decision making, and even when I talk about investing, I am talking about decision making, about your thinking process – so what do you know about the world of investing and human behaviour today that you wish you knew 30 years back? Of course, you mentioned that you got wonderful guidance in the early part of your career and got connected with the right kind of people. But what exactly do you wish you knew 30 years back about investing and human behaviour that you did not know then, and you know today?

It is a great question, and it is very tough to answer. What I do know now is that things evolve. You cannot force them to go faster or slower than you wish. And while I learned a lot of styles of different people with the early books of John Train who wrote *The Money Masters*. I literally read dozens of books in the course of those next two years or three years after coming in because, honestly, during my MBA days or CA days, like I said, I had no real insight or knowledge or interest in the stock market. So, I benefited from standing on the shoulders of those giants and found the style which works for me.

But I also find that also evolves, because if you were following, for example, Benjamin Graham style, you would be out of the markets maybe by 1990. If you only followed

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Warren Buffett, you would probably be out of the market by 2010 or 2015, in the context of good business, decent value, because it would not have necessarily applied to, say, the technology world and so on. So one is that things evolve, and you have to be abreast with evolution.

Two, I did start with being a very bottom-up person. But I realized the bigger cycles, and as you understand like everything in nature is a cycle, you must have a better sense of where the cycles are in the markets, in the economy, in geopolitics. And if you can combine those together with where your business is, that is going to be much better.

And third, of course, is what you do over time is have better judgment of human beings and psychology, and what drives human behaviour, and how incentives are powerful to human behaviour. I did not think about that as a youngster who was running screens and buying stocks mathematically, and that was very, very different from the way I would do it today.

You talked about human behaviour. Like 30 years back, there were not so many resources on human behaviour that one could read and learn from, right? So, being in the market, seeing things, witnessing human behaviour and your own behaviour I think were the biggest training grounds for you, right?

You said it right. While one can assess others, the biggest assessment to make is of me, myself as the investor. I needed to become a lot less cocky or “over smart” or superficial. And the investment must resonate with me also. If I’m not buying something which resonates with me, it may be a hundred-bagger, but I’m not going to be holding it for long. To what Buffett very well described as the circle of competence, I would also layer on something in an investment which is in resonance with your *swadharma*.

Let us take an example. If I were to buy, say, a steel stock (and incidentally they are doing very well today) and it does not resonate with my basic aptitude or beliefs, despite understanding the dynamics, I am not going to make the ten or the hundred-bagger over there. This is as opposed to an investment which, for example, just take the tech world, starting from the old days of Infosys, is a space I like, and I might want to invest in forever. If I go in thinking that this is closer to my nature, I’m likely to make the investment and hold it, and benefit from it as opposed to something, which I am buying already thinking when do I exit this.

We all talk about power of compounding and that compounding takes time to really show the benefits, in investing, life, habit building, everything. In your journey for 30 years, when was that period, if you could go back and recollect where that curve shot up, or that moment, or those moments, or those years, maybe

where that curve started shooting up for you. Maybe your biggest period of learning or something changing in your life as an investor, that really helped you move up the curve into a different orbit altogether.

When you are talking, you always obviously think of your starting point. And I remember the starting point came early in 1991, which is just before the Harshad Mehta scam when things were going crazy. And remember, I am a newcomer into the markets. And I am reading like crazy and none of this makes sense. But fortunately, I am with people who are value investors, and we could be out of the entire market before the whole thing blew up. And then, I was again fortunate to have had the patience to just sit on cash for an entire year until that 1993 bottom was made, and you just felt like my gosh, I wish I had ten times the money to go back and buy things over here.

So that period of learning was very intensely packed together, and I think, in that sense, bull market tops are great teachers because they test your emotions, along with whatever you have read. And only when it comes together, it makes you survive for the next cycle.

Similarly in 2000, when everything is going great in the world and Infosys and Wipro and all are trading at multiple lakh crores, and can do whatever they want, even in that period, to see signals from the merger of Time Warner with AOL at hundred and sixty billion dollars that something big is going crazy, and this is not sustainable, and I do not need to be here. It is periods like that change your thinking completely. Human greed and fear come alive in real time.

So, I would say one is that early period of learning from market cycles, avoiding FOMO, patience, objectivity, human and crowd psychology, etc.

I would also mention something as recent as 2016. My son was working in the USA, and I had the chance to go and live there for a while. I took the initiative to attend a program at Singularity University, where I got exposed to emerging technologies. While I had read about lot of technology, getting exposed to all of it and seeing it present, and here, and now, it was like a switch going off in your head that lot of the things in which you are investing in, and investing is about terminal value, which is what you are valuing...lot of these terminal values are not going to be around 10 years from now. And, therefore, your mind must now think a lot differently than what you have thought about your businesses or beyond the hope that this business leader is so smart that he will kind of morph his business and grow out of it and so on.

So, I mean, as you see, one is constantly learning. So yes, there were 2-3 periods like that, which were very, very sharp

in terms of learning, but it is always evolutionary and learning compounds.

Also, a profound change for me happened when I did my first Vipassana program with Guruji in the year 2000-1, just around the crisis. And that kind of helped to, in a sense, cope with what I think was the madness going around.

And again, fortunately, during the 2007 top also, I remember distinctly that feeling that something is not right. It is not in sync with what is going on in the world. Mastering one's emotional state through Vipassana was the biggest learning of them all.

So, you did a one-year course at Singularity University?

It was an intense one-week executive program with Peter Diamandis and others. Everyone can go for it. I have spoken about it very often and I have gone to a lot of friends at fund houses and made presentations to them also to just share that learning, which is that we as India in a sense are falling behind. And I feel it is the same way we missed the invention of the steam engine, and the invention of gunpowder, and we just lost out for generations.

While we are a very tech-savvy country, we still tend to be just the service providers to a lot of the real deep tech. Or the cut-copy-paste guys. Amazon will get copied and made into a Flipkart here, or Uber will get copied as Ola here. But we are not really at the forefront of what is going to change the world in the next 10-20 years.

Whether it is the whole field of AI, whether it's the whole field of Robotics, whether it's the whole field of genomics and biology. All of this and similar emerging technologies are going to transform the world we are living in. And if we are just the service providers to these people, we will end up like Mexico is to America rather than being at the vanguard of what is coming.

And with a country which has such deep scientific base and knowledge, and now an abundance of capital, I just hope over the next five years, we find lot many more new companies, businesses, entrepreneurs, society, ecosystem coming together. The beginnings are there but we have a lot of catching up to do with America, with China, with Korea. We will fall behind. We really need to accelerate.

And to match up or even to catch up with those kinds of standards, you really need an exponential mindset. First thing is we never look beyond a few years when it comes to compounding, which is an exponential equation. So, in a world which is changing so fast, and you have learnt in that intense program at Singularity University how the world is changing in terms of

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technology, what would be your advice to someone starting out, or a 20-year-old just getting into a job or work in terms of learning or building that exponential mindset so that they are not replaced by machines?

We are seeing so many jobs being replaced by machines these days, and this pace is only going to accelerate into the future. What advice would you give to someone to really create that kind of a mindset, or a work ethic, or a learning pattern, to really get over that real danger? Of course, nothing is safe, but your advice would really help over here.

From a youngster’s perspective, the first thing and which is what my father also told me is, first have a good *sangat*, that you must have a great circle of friends, influencers, people who shape you and your personality. And do not ever compromise on that, do not ever compromise on ethics and integrity. So that is number one.

Number two, which is something I carried forward with my own son when the time came was that – look at least till you are about 30, nobody worries if you have tried stuff and you have failed. After that, you start becoming a bit conscious. So, till 30, you should be really experimenting. And you should be experimenting for something where the upside, very much like in investing, can be unlimited and the downside is not too much, so you can bounce back from it. And it applies to investments but, more so, it applies to your life.

Third, like we say in investing, you must find a good person who is leading that business. For a youngster, you find that mentor at that young age who is going to shape your personality and your work ethic and all of that. Whereas most young people, unfortunately, end up chasing brand companies, or “this is where my career will be steady,” or I will buy this blue-chip stock and so on. So, the same analogy applies there. And I remember my father telling me when I was starting out that if you want a really good home, you must go to an office which you will help to make great. And if you choose to go to a great and safe office, your home is never really going to be that great.

His real meaning was that you must be part of creating success of something, not becoming a passenger in someone else’s successful bandwagon, or just joining a successful team. So those from a life’s perspective, I think, are things I would think about.

But from a learning perspective, certainly for any Indian who is growing up now, we cannot be thinking only of India as an economy. We must think of the world as the economy. We must think along the following lines: if India has to become the third largest economy in the next 10 years, it's not going to happen by doing the things which got us here. It must be

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different stuff. And we cannot be like frogs in the well thinking about how much market share will I have in India, how can I win against so-and-so player who's been there for the last three or four years. You must be thinking blue ocean. As if you were born in, let us say, Singapore or Hong Kong, you would have been competing and investing globally.

What happens in any part of the world affects us all. This reality stares at us even more now in Covid times, where some man ate something wrong in China and the whole world economy suffered for two years! So, if you do not realize the interconnectedness of the world and how businesses from America or Korea or Taiwan can come and impact you over here and reshape the investing and business outlook, whether you become a manager or an entrepreneur or an investor, you are doing yourself a disservice.

If you then start thinking 20 years out, in 2040, as a current 25-year-old, what would you have done which would have been in sync with what is happening in the world, in sync with what's happening in the country? In technology? You have to be part of that tidal wave.

We are still going through the Covid pandemic. And nobody has any clue about how things are going to pan out. What has changed for you in a post-Covid world from the pre-Covid world? As you look at life or decision-making, what are the things that come on top of mind that have really changed in the last two years for you due to this crisis and its after-effects?

For starters, Covid got us to stress test everything. Whether it was our relationships with people, whether it was our processes such as how I have to buy and sell my stock or run my factory, all that got tested and redefined. How do I get my students back into Flame? How do the professors conduct classes with them? All of it comes into stark focus. So, one, you have got a stress test done.

Two, we understood resilience and margin of safety. Post-1990, the world had become very globalized and very much what we call an optimized just-in-time world, where you have supply chains, which are working on just one day delivery, so that you can have optimized working capital cycles, and greater ROI and all of that.

We now realize that there is value to resilience, which in the investing world is what we call margin of safety. The real world was over-optimized. Optimizing your supply change, optimizing your balance sheet with fine-tuned debt equity structures. We now realise that we never thought we could have six months without any revenue, and still have to pay salaries, interest, and repay the loan. So, the value of having that resilience like we investment guys always talk about

“[A lesson from Covid is that], the stark focus that the purpose of life, which most people narrowly define as money, fame, power, goes down the priority list and you realize that family matters, health matters, clean air matters, space matters. All the things which were free matter a lot. And your relationships matter the most. Laughter matters the most. And it’s about inner peace eventually. Are you at peace with what is happening with the people around you, with the way you have shaped your life and lived your life?”

margin of safety, keep 20% cash available or whatever, I think that also came into stark focus.

Third is I guess the *acceleration* of trends. A lot of the things one was expecting, for example, on technology, have indeed come to pass faster than expected. Imagine a world if you did not have Wi-Fi, you didn't have 4G, you didn't have Zoom and online shopping. How would this world have carried on? And if you did not have the investments that people had already made in biologic research, probably we would not have even seen the vaccine today, thanks to the advances being made in gene therapy.

Fourth, of course, is the stark focus that the purpose of life, which most people, I guess, narrowly define as money, fame, power, in a way goes down the priority list and you realize that family matters, health matters, clean air matters, space matters. All the things which were *free* matter a lot. And your *relationships* matter the most. Laughter matters the most. And it’s about inner peace eventually.

Are you at peace with what is happening with the people around you, with the way you have shaped your life and lived your life? I guess for most people, it would have been a period of great satisfaction to know that life is carrying on and we are in good shape, family is good, health is good, and so on. While you hear such horror stories or what is going on, and you can only contribute in small ways, it just fills you with even more gratitude towards the universe for what it has given you. I guess that is really the summary of what Covid has given us.

I was reading J Krishnamurti and one lesson that came out on top is when he mentioned that the mere cultivation of memory or the accumulation of knowledge is not real learning. Instead, it is the capacity to think clearly and sanely without illusion, and to start from facts and not from beliefs and ideals.

You have been a learner over the past many years, a deep thinker and decision maker. Take us through your own journey of learning and your process of deep thinking you’ve practiced while building institutions, by doing research and analysing business, while making decisions. Take us through your journey of learning and deep thinking, which is, which is so much required in the kind of work we do as decision-makers.

It is a great question and a deep question. So let me pause and think for a minute. Let me start first with this. If you have the right people around you, and I think even you wrote it very well in your book that the biggest decision you make in your life is choosing your life partner and then the people that you work with. So, get the right people around you, I think that is the first thing to think about.

“We talk in Hinduism about the stages of life. Stage 1 is learning, Stage 2 is the householders’ period, Stage 3 is the giving back period, Stage 4 is your *sannyasa ashram*. So, are you in sync with that?”

If you are really in sync with what's going on, and you're curious, open-minded, which is a state of mind, you're optimistic, you're happy, it's a better way to lead life.”

Secondly, I am a big believer of nature cycles, life cycles. I think I have mentioned somewhere in another interview, that if you see evolution of how mankind had the Cambrian explosion when our brains really grew, and we could stand upright, and we kind of broke out from other amphibians in the world and became a different species. The same thing applies to countries, the same thing applies to sectors. So, 200 years ago, it was agriculture, then industry, then IT, and going forward, deep tech and so on. Are you in sync with what is happening across various underlying cycles?

We talk in Hinduism about the stages of life. Stage 1 is learning, Stage 2 is the householders’ period, Stage 3 is the giving back period, Stage 4 is your *sannyasa ashram*. So, are you in sync with that?

If you are really in sync with what is going on, and you're curious, open-minded, which is a state of mind, you're optimistic, you're happy, it's a better way to lead life. So, I think that nature and personality are the first things I would talk of cultivating rather than the harder skills that you could learn in this or that field, in engineering, or in psychology, and so on. I do think how we get shaped as people, at home, with the company we keep, in our attitudes, is number one in defining people or decisions.

Next, and people I have worked with will laugh at the memories when I say this, as I rigorously implemented what we in Enam called TPER: ‘Target – Plan – Execute – Review.’ As in if you do not know what you're shooting for, and for that also you have to be in alignment with what the trends are, how will you hit the goal?

It is like trying to shoot an arrow, but you do not know where the bullseye is. So, you got to know where you are heading. Then, if you are trying to do that, what's your *plan* to get there. Because the biggest mistakes we make is that we just embark without thought, and then then we have to rework and keep reworking and so on and we lose time and waste a lot of effort doing that. So, if you can plan it in terms of what you need to do, put the resources, put the framework around it, you are likely to be far more successful than others.

Then you execute to that plan. But the fourth link, which is the most essential is, then you review that plan, which is what we would call as the introspection period, to see what worked, what did not work, and how do I alter the course.

And this applies like we said in our life as well, that you have to do what you're doing but also have an introspection period. So, you have a framework for your life where I want to be in 10, 20 years. I am working towards that plan, I'm executing it, and I'm also introspecting of where am I going. And we are evolving. The plans will change. But as long as you're going in a direction which you don't look back 20 years later and

“What *not* to do is more important than what you want to do, because then it narrows it down and sharpens your focus as well. And like Charlie Munger said it well that for decision-making, you must always invert. If you know where you are going to die, you don't go in that direction at all.”

say, gosh, why did I do what I did, you don't want to live a life of regrets. It applies in every field.

I also want to mention our brainstorming sessions that were at the root of our creative, rigorous, and accepting culture. At Enam, we confidently used a tagline of IT'S POSSIBLE. We examined many key ideas, proposals, situations using Edward de Bono's Six Thinking Hats in open dialogue meetings. It is an extraordinary framework to help decision making, avoid groupthink or adversarial/bureaucratic outcomes.

The third is what we call margin of safety, or resilience, or what Taleb also describes as antifragile. You need that buffer. We are not here to optimize everything, make the last buck in the world, exploit the last resource in the world. So, I would think of that as a third kind of mental construct that I always have in my head.

Fourth, I would think of what is a 'no-go.' What *not* to do is more important than what you want to do, because then it narrows it down and sharpens your focus as well. And like even Charlie Munger said it very well that for decision-making, you must always invert. If you know where you are going to go and die, you do not go in that direction at all. In a positive way, you call it a circle of competence, and in a sort of negative clarity way you would call it a no-go area for yourself.

Fifth, I would think of the discipline to stick to what you have put down. And most mistakes we make is when we break our own defined parameters of discipline. I have been guilty of it very often where I have the screen where I have red, yellow, green, valuation grids, and there are times that I think oh of what use are the mathematics now, and computers can't do it. So, sticking to that discipline and not getting over-emotional at those critical points is the real battle. And, certainly, things like Vipassana and meditation will help to get that emotional quotient for decision making right.

Then, of course in investing there are lots of decision-making frameworks. Like, you do not double count because it is a good company, a good management, a good this or that thing, therefore this price. So, if everyone just went and bought the best management, best business and did not worry about price, we did not need a stock market. So do not double count. Equally applicable on the way down when things are going bad.

So, there is a lot of stuff like that, but I think if you get the big five blocks sorted out, you can approach most things in a very practical manner.

Inversion is one of the most critical elements as you mentioned as a decision maker. And one of the most

difficult to really practice as well, because we do not really look at life from an inverted point of view. I remember Charlie Munger in his Harvard School Commencement speech in 1986 talked about his prescription for how to be miserable in life. He talked about being unreliable, and being envious, and all those kinds of things that make us miserable. And if you do not do those things, you can actually be happy in life.

What is your prescription of being miserable life as an investor or decision maker? Maybe a two or three things people should not be doing that can kill them as decision makers.

So, like I said, there is a certain *swadharma* we are all born with. *You have to be true to your nature.* This is not a prescriptive thing. That what is a no-go or a miserable thing for me, may be joyful for someone else. So, I am very scared to say this kind on the kind of a platform like this. I would be happier if we were doing a one-on-one.

Let me answer illustratively. If you see the evolution of the villain in Hindi movies. Do you see a pattern over there? Like, 50 years ago, it was a patriarch who would not allow the children to do what they wanted. Then it became the smuggler, and there was that famous actor who was smuggling in whiskey and gold from the Middle East. Then it became the politician or the local goonda or whatever. It is telling you what society does not like. But having said that, I have the deepest admiration for people who are in public service, who are in politics, who are doing selfless work. Like, I often wonder about both our prime ministers, the current one and the previous one. You wonder why these guys are taking so much stress, taking the stress of the nation. Even when they are doing their best, they are getting abused. Why are they doing it? But that is something which rhymes with their own inner character and scorecard, and it works for them. So, I do not know how to go down that path saying this is what is miserable, and this is what is great.

What has worked for me is what I have done, and counter to that, what has not worked for me is easy to infer, let me just leave it at that.

Okay, so let me frame this question some other way, in a different manner, to get an answer from you. Maybe some advice for youngsters who are going to listen to this, in terms of what things they should not be doing broadly. Of course, as you said, we all need to find our *swadharma*, and experience life as it is rather than examining everything that comes in front of us. But as a doctor prescribing, these are the medicines you should not be taking if you want to stay healthy, so what are those three bigger, broader things that can lead

“You can make a hundred billion dollars. You can be the most famous person in the world. You can be the most powerful person in the world. But does it really matter? What really matters, eventually, will be your relationships and the one person or the three persons who are going to miss you when you're not there.”

people to kill themselves financially or in decision making?

I am going to say this in a non-financial way and maybe it is provocative. We are all brought up in human life to basically chase money, fame, power. And when you do achieve it, you realize what am I going to do with this. This is not why I am here. And I know a youngster will say, it is easy for him to say this because he has had his fair share of all three. But that is not the purpose of life. And you can go crazy, going with more, more, more, more, more and it never ends. So, I would say two things if you can keep in your head – what is enough for you, and what resonates with you. Have that in mind, always.

You can make a hundred billion dollars. You can be the most famous person in the world. You can be the most powerful person in the world. But does it really matter? What really matters, eventually, will be your relationships and the one person or the three persons who are going to miss you when you are not there, if I put it in a very morbid way. When you are young, you will not think about all this. *But you will realise, there is no joy in the finite. There is joy only in the infinite.*

By all means, you must work hard in that second phase of life, which is the householder period. You must get your share of money, fame, power. You just cannot go into a *sannyasa ashram* at the age of 20. So, you must do that, but have a sense of what is your goal and what is enough because, and again you may laugh at me for saying this, in the stock market we have this notion of compounding, and it is great. We must invest in compounding companies, but we were not born to just keep compounding till the age of 90.

Nature is not linear. Nature is cyclical and there is something else you are meant to do at a certain point in your life and you must have a road map of where your life is going to take you. I do not know who said it, Andrew Carnegie or Rockefeller or someone, that it is okay if you are born poor, but it is a very sad thing to die rich. You must be doing something constructive with it.

Also have this notion of what is stress. Most problems we have in life, whether it is financial where I have leveraged too much to optimize, whether I am taking more work than I can handle, whether I am eating a lot more and therefore causing inflammation in my body, create stress.

What is this stress? It is when we are over-loading or indulging ourselves and not having a margin of safety. So, if you start thinking of that in different dimensions of your life, like in your personal life - is there a balance of work, fun, family, all of that. In your business, is there a notion of balance? While I will not say moderate leverage is bad in a

“Whether it’s your business, whether it’s your investing, whether it’s your lifestyle, whether it’s your health...you want to work at eighty percent of capacity, not at a hundred and twenty, because that’s what’s going to give you longevity and what we call antifragility. Like Buffett says the first rule of the game is that if you want to finish first, first you must finish the game.”

business, but as an investor you have no business to be leveraged. And even in a business if there is something in moderation it is okay. But if you go crazy, you are going to face mortality.

Same thing, in any other format, whether it is your business, whether it is your investing, whether it is your lifestyle, whether it is your health. You want to work at eighty percent of capacity, not at a hundred and twenty, because that is what is going to give you longevity and what we call antifragility. Like Buffett says the first rule of the game is that if you want to finish first, first you must finish the game! So, if you just stay within these broad parameters, I think it will last you in good stead.

And your word must be your honour. Whatever you have committed, if people can rely on you, that really is the only wealth you have.

If I lose everything tomorrow, but if I have enough goodwill and if people have confidence in me, I can recreate life in a matter of months, if not weeks. That goodwill is something which can never be measured. So, let us try and build that constantly every day.

And again, goodwill compounds, and it is back ended. If you do good now, good is going to come back to you as the law of karma says.

Moving on to Charlie Munger and multidisciplinary thinking. You have talked about the need for such thinking and learning about various disciplines in your talks with students, and you've talks in the markets as well. What are you three biggest ideas, or metal models, that have helped you in your life?

One, I am not a s big a thinker as Charlie Munger, so let me say that upfront. I think if we do one service to people, it should be to put up his fabulous [lecture at USC](#), where he discusses this concept of multidisciplinary thinking, I think that's the best education anyone can have. And I can only echo things which were said there.

From my own personal perspective, here are the two or three things which have really helped me. I found, for me, first was to have a philosophical bent of life, of finding the purpose of life or my *swadharma*, and being in sync with nature. It is really removed from what you would learn in a school or a college. It does not come easily. You may get it as a moment of insight when you are reading the Upanishads, or Gita, or Dhammapada, or whatever you like to follow. But if you get to that notion of my true nature and where I stand in relation to things and how can I be in sync with that, I think a lot of things open up.

“If you are enjoying every day, what’s your rush? The purpose of life is not a goal. The purpose of life is in a sense to have an enriching journey and be constantly improving. In a sense your soul has come to a classroom on earth where you're learning and you're getting better and better and better each day.”

If you get that basic toolkit right, of being in tune with yourself and the universe, then, of course, all the standard things follow, such as I must know the basics of language, I must know the basics of math, I must know the basics of physics, I must know the basics of computer science, I must know the basics of evolution, some lessons from history from the past, I must know psychology deeply. So, all those, of course, apply. But if you get that alignment and linkage between your true nature and the Universe, I think, for me, that has been the biggest, biggest, multidisciplinary thought.

The second learning for me has always been from keenly observing the world and how everything is cyclical. There is no linearity in nature, and yet we always want to perpetuate, we want to become immortal, we want our companies to become bigger, we want to just constantly be compounding. It is against nature. I do not think it happens.

The richest guy of hundred years ago is not going to be the richest guy today. So, why are you killing yourself chasing that? The most famous guy is not going to remain the most famous guy and so on. So, try to get synched with what is really the infinite purpose of life, which is to really discover your true self.

Third, evolution is not going to get rushed. There are phases where it becomes exponential, but something takes time. Like a baby takes nine months to produce. Whatever we do to science, I hope we do not start producing babies in a week. It must have its time to maturity, and there is a time for someone to grow, there will be a time for everyone to grow. Let us not try to rush it and enjoy life. Every day is to enjoy.

I think it was said very nicely in your book as well. Seize the day. If you are enjoying every day, what is your rush? The purpose of life is not a goal. The purpose of life is in a sense to have an enriching journey and be constantly improving. In a sense your soul has come to a classroom on earth where you are learning, and you are getting better and better and better each day and that's at least how I approach it.

This takes me back to what Warren Buffett talked about when a child asked him about delayed gratification. He said, you should delay gratification but not everything. You need to strike a balance between living in the present and taking care of the future in some ways.

Buddha says it is the middle path. There are no extremes. And, like everything, it comes, it peaks, and it goes. If you just keep saying I will hold it and when I am eighty, I will enjoy and I will have my first piece of cake at that age, what’s the point? But if you have a cake every day, you will not get to eighty. So, you must be somewhere in the middle.

“Remove the pressure of ‘pursuing’ wealth creation. Whatever you ‘selfishly’ pursue will not happen. Desireless action is not purposeless action. It’s an act keeping in line with your instinct, your *swadharma*, doing what you love with care and excellence.”

You talked about the impermanent nature of things. You have also talked in the past about detachment and being detached as an investor and decision-maker, and also because we control less than what we think.

How does one practice, or how do you practice detachment while living in a material world? And especially while pursuing wealth creation. Of course, we talked that not everything should be saved and compounded, and you need to enjoy the present as well. But how do we stay detached while living in a material world and pursuing wealth creation, which is material?

I think the first thing is, in a sense, if you remove the pressure of ‘pursuing’ wealth creation. Whatever you “selfishly” pursue will not happen. Desireless action is not purposeless action. It is an act keeping in line with your instinct, your *swadharma*, doing what you love with care and excellence. I invest because it is like a thesis which I have, which if it works out, I feel happy. I honestly think, the zeros if they come – great. It is like marks to a good student – marks are not the objective. So even when we lose, there is a learning and I treat it as a game.

Again, using the famous Tendulkar example, if he starts out thinking I got to reach hundred centuries, he will never score a century because each ball he is facing he is going to be thinking of those hundred centuries. You got to play each ball on merit. Same way, be aware of what is the pitch on which you are playing? Is it a seaming wicket in England? Is it a spinning track in Chennai? Is it the muddy pitch of Sri Lanka? You have to be playing according to that. And you have to have an inner sense of detachment that this is a game I'm playing, so what is the role that I'm supposed to be playing. And I hope it makes sense from an investing perspective as well, that if you start playing a T-20 game in a test match, it is not going to work.

So, that sense of objectivity, in a way, is what I am trying to explain. If you can take one step back and think about again, like I said that ‘Target – Plan – Execute – Review,’ in terms of literally every decision, it becomes part of your common sense. I do not actually now go through a TPER in my head, when I am thinking of either buying a stock or taking a decision in whatever company I'm involved in. It just comes as second nature. And it is a bit like asking the batsman how you decide when you put your foot outside the off stump if the ball is swinging out, or will you step back and try to slash it over third man. It becomes part of your nature if you just practice it daily.

What does success mean to you?

“We put so much pressure of expectation on ourselves and on our children. That's why you're in that state of unhappiness. But if you can get to that stage of equanimity where you internalise that nothing is permanent, your expectation level is going to go to a level which basically is going to be zero. And you will be enjoying the moment.”

Success is typically a more outward manifestation, that is, someone achieves something in line with their goal and their nature. So, it could be a child in third grade who has got the best marks. It could be a cricketer who achieved the century in the match in which India really needed to win. It could be a politician winning the election which he or she really needed to win. So that is the outward manifestation, when you are in sync with whatever you are doing of what is your kind of yardstick or your goal and is it in sync with your *swadharma*.

I do not think if, for example, if I were to go out and play cricket and score fifty runs, no one's going to think of me as successful because that is not my field or that is not my goal. It will make me happy, but it is not going to make me successful. So, success in a sense is a kind of goal achievement and excellence in your chosen field. But to me, personally, the true measure of success is for someone who can change the field and change the game. So, they're not playing a game which someone else has scripted. In our own field, why do we all admire Warren Buffett? Because he changed the rules of the game. He makes money on the left side and the right side of the balance sheet by creating that liability franchise with insurance cash flows at zero cost. And having a deployment skill on the asset side, which is ahead of everyone else.

Or consider great entrepreneurs like Steve Jobs or Elon Musk. You can keep the valuations and hype aside, but what they have created or are creating has changed the rules of the game. For me, that is really the definition of success - like can you go to a certain level and then change the rules in your chosen field?

If you pursue success, you will not get there. If it is part of your nature, you will enjoy the process and get to a station called success. I do not think Steve Jobs ever said I want to make Apple a three trillion-dollar company. It is the journey of creation which is enjoyable. That may lead to success, or it may not, but at least you would have satisfaction that you did your best. So, I don't think chasing success is helpful to have as a mindset at all. But chasing excellence for sure.

So that sort of answers my next question about what happiness means to you. You are not pursuing or chasing happiness. You just be happy.

Happiness is easy. *When your reality is better than your expectation, that is happiness.* And so, if I go out thinking, I am really a stupid batsman and I make fifty runs when my expectation was maybe to last one over, I am going to be happy because my expectation was so low.

The problem is we put so much pressure of expectation on ourselves and on our children. That is why you're in that state

Maybe we are living in a matrix, and what we call God, or the universal energy source has gamified us, and we are living in this AI world and playing our small roles thinking there's this larger script where I am the hero, and I can kind of beat the program. You are one tiny speck in one tiny city in one tiny country in one tiny world in one massive universe. It just gives you a perspective.”

of unhappiness. But if you can get to that stage of equanimity where you internalise that nothing is permanent, your expectation level is going to go to a level which basically is going to be zero. And you will be enjoying the moment.

So, whether I am singing a song or I am playing cricket, or reading a book, you can be happy in that moment because this too shall pass. And those sensations which we learn about in Vipassana, when Guruji says, “Anichya, anichya,” he is basically saying it is impermanent. This too will pass. And the sensation you are feeling with your body saying, I like the sound, or I like the taste, or I like the sight of something, is a sensation which the body is giving you. *That sensation is not happiness.* It is the state of mind, that equanimity, that bliss, which is your happiness. Because you could be unhappy thinking about the past or worrying about the future. That is not reality. My reality is here and now. *You can be happy. There is nothing stopping you. It is actually your inner scorecard.*

How long have you been practicing Vipassana?

I did my first course around 2000, and I must admit I am not very regular, and I wish I could be a lot more. But whatever I do and whenever I do, it is just something I can experience but cannot really describe well enough. Because, in a sense, it is kind of removing all the layers from your body, mind, spirit, and just making it purer and purer and purer. So, you can literally examine where is this memory from, where is this aspiration from, where is this thought originating from and why, what is the *trigger* for this.

If you can keep removing that, as is very well said in the Brihadaranyaka Upanishad:

Above the five senses is the mind.

Above the mind is the intellect, (which is then processing what data the mind gets).

Above the mind is the ego.

Beyond that is your unmanifested cause, what I call the *swadharma*, the real purpose for which you are here and your true nature.

And when you transcend that, beyond that is *Brahman*, where you become one with the universe, and you see that everything is connected. Tat tvam asi (you are that).

If you see now, spirituality and technology are coming together. When you say there is a world wide web and AI can run everything, is it not reflective of what you saw in the movie The Matrix, the gamification of the world? Maybe we are living in a matrix, and what we call God, or the universal

“Life is evolution. It’s like when the raindrop falls, and then it becomes part of the river, and the river goes to the sea, and the sea gives out steam and it becomes the cloud, and it comes back. So it is a cycle, and discovery of how are we part of this grander cycle of life is really the purpose and the journey that we have.”

energy source has gamified us, and we are living in this AI world and playing our small roles thinking there's this larger script where I am the hero, and I can kind of beat the program. You are one tiny speck in one tiny city in one tiny country in one tiny world in one massive universe. It just gives you a perspective.

Objectivity, detachment, concentration, focus, clarity are outcomes of meditation.

That is quite a perspective. Manish, you have achieved a lot in life, and I am sure you must have sacrificed a lot to become what you are today. After having seen life’s ups and downs from close angles over the past several decades, what according to you is the meaning and purpose of life?

Life is evolution. It is like when the raindrop falls, and then it becomes part of the river, and the river goes to the sea, and the sea gives out steam and it becomes the cloud, and it comes back. So, it is a cycle, and discovery of how we are part of this grander cycle of life is really the purpose and the journey that we have. And if you tell the drop of water that you have had such a long journey from the Himalayas to the Bay of Bengal to join with the sea, it is not a journey but a flow which was meant to be. And you have choices along the way of whether to take this track or that track. Do I end up in Arabian Sea or Indian Ocean? But we are going to end up in the sea, one way or the other. It is part of nature’s design.

If you think of it, the way we are designed so beautifully that the first 25 years of your life you are only thinking about yourself – I, me, myself. And you are learning, growing, getting an education, and so on. Then you find your partner and suddenly you start transferring your thoughts and attention to that person. Then you have children, and it suddenly multiplies. Then it multiplies into your organisation, then it multiplies into your society, then into your country, your world, your universe.

That is the nature of the way we are designed to evolve, to get closer and closer and closer to what I call the sea. And you realise that, like the metaphor I used of the gamification of the world, you are the wire which is transmitting the electricity which is there in the world. We talk of solar power, but we are also solar powered in a sense, and a part of this circle of life. *We have to be the flow.*

As long as you are in sync with the flow of the nature in which you are living, and you don’t try to be this bubble or try to become this “demi-god” that grows counter to nature, you will be fine. And the reality is money, fame, and power are taking you in the opposite direction to becoming part of this world. So, like I said, you need enough, but that is not the purpose of life. The purpose of life is somewhere else. And

“Lead a life of purpose. Lead a life where you have upside and not get trapped into something which is predictable and just stable. And it applies in investing as well - that you want limited downside but unlimited upside. That’s how you should be thinking.”

you cannot be thinking I am immortal. I think the easiest metaphor to think of is the cloud, the drop, the river, the ocean, and then back to the cloud. That is really your *swadharma*.

A hypothetical question. Imagine you are going to lose your memory tomorrow morning. If you were to write a letter to yourself today, what would you write in that letter so that you can start well the next day.

A lot of the things we spoke of today. It would be to find this journey and purpose and oneness with nature. I think that is what would resonate. And once you find this resonance, everything else falls into place. If I grow up thinking I can be Dhirubhai Ambani and my nature is not, I would be miserable my whole life. If I think I am going to be Sachin Tendulkar and my nature is not, I would be miserable my whole life.

So, if I can find what I am good at, what I enjoy, what is in sync with my nature, and then whatever that path provides in terms of the optionality, there is a larger path called destiny and there is path called ‘my choices.’ I could go here, or there. That is really the journey to explore and enjoy. So, be an adventurer, be curious, those kinds of things are what I would write.

To close this, three quick questions. First, what is the single best piece of advice you ever got?

It was from my father that if you are trying to latch on to someone else’s success, you will be suffering long term. So, lead a life of purpose. Lead a life where you have upside and not get trapped into something which is predictable and just stable. And it applies in investing as well - that you want limited downside but unlimited upside. That is how you should be thinking.

What is the single worst piece of advice you ever got, which in hindsight was a bad advice?

That you can afford to fix your health later. Right now, you finish the work and get the job done. I really regret that.

One thought that you live by and think very often?

Live by your inner scorecard. Do not worry what people would say. Everything passes. So, live by your inner scorecard with the notion of ‘This, too, shall pass.’ That keeps you relaxed and happy.

Wonderful. So that is all from my side, Manish. Thank you so much for spending your precious time, sharing your insights and wisdom, and especially the idea of

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finding and living by your *swadharma*. That is one big lesson for me.

If I could add, allow me to recommend a [book from Acharya Vinoba Bhave](#). He talked about the Gita when he was in Dhule Jail. He gave an extempore talk on the Gita, and he described this concept of *swadharma* really well. I have read different versions of Gita, but with this one, you could feel the electricity while he must be delivering that talk and how it must have been captured there.

The second, of course, is [The Sketchbook of Wisdom](#).

Oh, I am deeply honoured. Thank you, Manish, for taking out time and I look forward to connecting with you soon. And to repeat, I have started The One Percent Show by setting high expectations given that you have done this first episode. So, thank you so much for all you have done for me.

Glad to be of any help, Vishal. All the best!



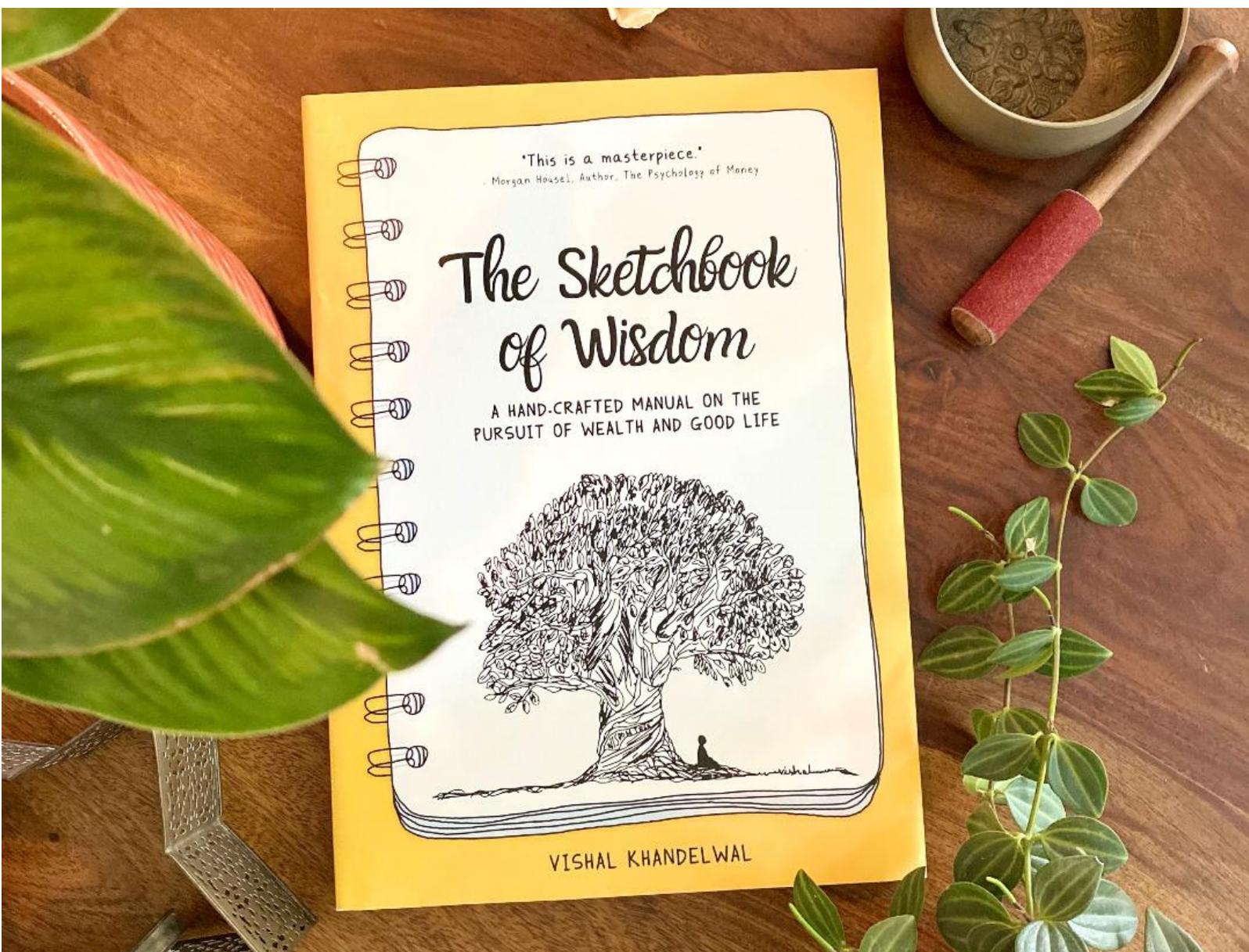
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