Prashant Khemka (White Oak) – A High-Performance Culture in Indian Equities

Tom Yeowart: Welcome to the podcast, Prashant. It's great to have you on.

Prashant Khemka: Thank you, Tom and George, great pleasure to be here.

Tom Yeowart: Let's begin by talking about your past. I'd love to know what attracted you to investing. How did you catch the bug in the first place?

Prashant Khemka: So I was born and I grew up in a middle class family in Mumbai. So my father or family had a cloth and hosiery store. But were surrounded by fairly wealthy neighbours and friends and relatives.

So as a young kid, always used to think of what can we do to generate wealth for our family? Even remember reading, Think and Grow Rich by Napoleon Hill and so on. And what happened in 1985, Indian equity market went up a hundred percent. It was my life's first equity bull run. We had a small kitty, but all our family had their savings were invested always in equities fortunately. So in 1985, when I was 13 years old, I could see the excitement at home. My grandfather, my father, uncles, all the time would talk about how the market is rewarding them and the wealth is increasing. My great-grandmother had passed away that year, so as is the ritual 50 people would gather for 12 days in a row at that time. And they only talked about how they were making a fortune in equities. So at that age, it was like a eureka moment for me. I'm like, this is the way you apply your mind. It's a legal, honest, ethical way of doubling your money every year. And I counted with my 5,000 rupees of all the gifts that I would get from family and elders in the family during festivals.

I'm like, I can be an Indian millionaire in 11 years' time if I keep doubling it every year. So I soon realize it's not so easy to double your money every year in equity market. So when markets go up a hundred percent, they don't stay there for too long. But it was good experience at that age. My grandfather, not that he was an expert investing in stocks or whatever, but to me he was my first lessons including how to read an annual report and whatnot. So having him just explain, this is what the markets do. They go up, they go down, and you can't lose your head around them. And you know, that was very fascinating. But that was when the bug bit me, if you will. Until then, I wanted to be, captain of Indian cricket team and beat Pakistan in a World Cup final. But since then I've been absorbed with equities and all along have been fully invested in Indian equities or emerging market equities.

George Viney: And Prashant, when you started your professional investing career, you met volatility head on, you ended up at Goldman Sachs in 2000 on the US Growth Equity Team. And that must have been a formative experience for you.

Prashant Khemka: Certainly, no, it was, and just to rewind a few years, I did my MBA at Owen School at Vanderbilt University. That was a fantastic experience. I focused a lot on the financial courses and particularly those related to securities and valuation and quantitative portfolio management and all those things. Until then I would always look at PE multiples and so on and so forth. It was my training at college there, which really firmly made me a believer in cash flow based approach as an example, which then I took to work and I started my career first at State Street Global Advisors in Boston.

I spent two years there, again, was very fortunate to get a chance early in my career to spend a year on the quantitative side. Which was enough I think time to spend there. Because my passion was always fundamental investing, but having had the opportunity to spend a year in quantitative has served me very well till date as I think quantitative tools and metrics are useful in thinking about risk management in the portfolios.

And then I joined Goldman in 2000, as you said, at the peak of the TMT bubble. So that was terrific experience. Obviously people ask me a lot about corporate governance in EM context and India context and all, and I tell them look the basic human instinct to cheat and swindle is the same across the world. It's just how it manifests itself may vary across the market. And my biggest governance lessons I learned was during those years in 2000-2001/2 covering telecoms in the US market. A lot of major bankruptcies during that time, several blow-ups, MCI WorldCom and not to name each one of those, but there were many of those at the time, which were very, very useful lessons.

And I was very fortunate to be learning about all these under a very good investor, Herb Ehlers, who was the leader of the team back then at GSAM US Growth Equities and continues to be my mentor in many ways.

George Viney: Why was Herb such a good mentor for you, and what did he impart specifically?

Prashant Khemka: Certainly. So broadly speaking, as an analyst, I learned in true sense what professional research entails. How do you conduct proper analytical equity research on companies, all aspects from idea generation to doing financial modelling. Not that he would sit and teach me, but I knew I had to present him so I better be right. Because he could be tough otherwise. So it just required me to go to a level of depth and logic in my analysis.

Then how to interact with company managements, how to understand what they're saying or what they're saying was what they're really saying. You can't take everything at face value. So in understanding managements and interpreting management speak, if you will, was very helpful.

So that's on the research side. Second on the team building side. My observation of him, how he managed and led the team. The strong meritocracy that in my assessment he practiced on the team. Those were very important lessons early in my life as well, which again helps me to build the teams and lead the teams that I have led either here at White Oak or prior form at Goldman. So that's very invaluable. It's different from stock picking, but it is very integral and essential to any investment team.

Tom Yeowart: I'd be interested Prashant, in talking a bit more about that and exploring your transition from Goldman Sachs to setting up your own boutique in White Oak. What prompted that move? You were very successful at Goldman Sachs. I'd like to hear about your ambitions, but also, the lessons you took from Goldman's in building your own organization and what you've tried to build in terms of creating a culture and an organization that underpins long-term investment success.

Prashant Khemka: Absolutely. So I was in the US growth equity team until 2006, and I was always keen to move back to India and start on my own. But somewhere around 2005/6, this opportunity came up within Goldman, where Goldman was setting up business in India. They're looking for someone to lead it. So with Herb's help I got that opportunity and moved to India to start the asset management business for Goldman. It was very entrepreneurial in that it was a very boutique-like setting where India was small enough for New York to be not involved too much. So I was kind of left on my own, which was great. I could build it the way I knew to build it and build a very strong team there and established a strong investment culture which then helped us generate strong returns and performance track record, which then won client confidence and the strategy and business was very successful.

On the back of that, I was also asked to head as lead PM and CIO of Global Emerging Markets in 2013. So that meant a much larger team and establishing the same investment culture on a much larger team of 20+ people and that strategy also has since then done well and gained client confidence.

When I started White Oak in 2017, it was in a way doing it third time around and I felt very confident. And today, if you ask me, my forte lies in building strong teams, establishing a powerful investment culture and sustaining it through time where every individual on the team feels highly motivated to drive strong performance for client portfolios.

Tom Yeowart: How do you do that specifically? A lot of people who set up on their own, start with something quite small and defined. You've very much gone the other way. You've started with a big team and that team has grown. So I'd love to hear more about how you've built that culture. What are the things you place importance on? And you've talked about meritocracy, you pride yourself on being a good picker of stock pickers. I'd love to learn about the attributes you place emphasis on when you are choosing people.

Prashant Khemka: So there's several aspects of it. Starting with what we call investment culture, which is performance first culture. Meaning performance comes first and foremost, and everyone on the team is driven towards the common objective of generating the highest returns for our client portfolios compared to anyone else in the peer group.

This is a very important analogy, it's a sportsman-like drive to win the gold medal or to win the World Cup. The mind-set is to be the best performing team, to deliver the highest return for client. It's not top quartile or top decile. I often give this analogy to team members that in no other sport is top quartile or top decile acceptable. Right? If you have dedicated your life to athletics and hundred meter sprint, you don't set out with an aim of being top quartile. Top quartile means 25% of the people in your neighbourhood are running faster than you. You won't get anywhere and your goal has to be to run hundred meters in less than nine seconds and win the gold medal.

The goal setting has to be right, which I find unfortunately in the industry is not the case even though investing is very much like a sport. So building that drive and motivation in the team and that belief in the team that we are capable of and we must work towards that is what underlies the investment culture.

Now, you can't just put this out there and not build everything else that helps you drive towards that. So there are four important pillars of this culture, which are aligned and have to perform and be in top form at all times. And these four pillars are team, philosophy, process, and portfolio construction. So what I mean by aligned is it's a stock selection based approach or philosophy, to go with it we have, in my view, the best team of stock pickers in the industry, implementing a time tested process. Something I've had the opportunity to develop over the last 25 odd years, at the core of which is our OpCo-FinCo analytical framework. From a portfolio construction perspective, maintain a balanced portfolio, which ensures that performance comes through stock selection and does not get easily hijacked by factor risk.

So you asked me about particularly team. It's like in any sport, you can have the best strategy, best approach, best everything. Yet it's a team that executes everything. So you must have the best. You have to select the team members that would be able to live this kind of culture for years and years. The key attributes when you asked me, like in any sport, the successful sports people are those who have a passion for the sport. When Tendulkar growing up, he didn't think about how many endorsement dollars he would earn if he became the top batsman in the world. He was just driven towards cricket. He was driven and passionate about batting and that's what he grew up all his childhood and youth doing. So similarly, when we are looking for individuals for the team, the first attribute we are looking for is a strong drive or passion towards equity investing. That's of paramount importance.

The other attributes that we look for, if it's an experienced individual, then level of domain expertise. Because if you spent say 10 to 15 years covering a certain sector or in set of industries, and if you're passionate about it, then you ought to know more than I do about that industry or sector. And then third would be a certain basic level of alignment in investment thought process. There should not be an entrenched misalignment by an entrenched misalignment. And then we do a lot of reference checks to ensure that the individual would be a good fit on the team, from past employers, past team members, all through our network. Try to assess whether the individual is prone to playing in office politics or otherwise indulging in unproductive behaviour, which could spoil the environment on the team.

Tom Yeowart: Maybe taking a step back and from a high level, it'd be great to talk a bit about why India as a country is a great place to invest.

Prashant Khemka: So for one, I'm obviously a bit biased, or at least a lot of people believe that I'm biased because I've been investing in personal or professional capacity now in India for 38 years. Indian market is a very alpha rich market. Compared to obviously developed world, it is less efficient because just the degree of institutionalization is not yet happened as it has happened in most Anglo-Saxon countries or the Western developed markets. Compared to other emerging markets, it's again, I believe for various reasons, a more alpha rich market. And it's not necessarily a specific reason, but we do believe as a team that, all else equal, better governance, does provide higher alpha opportunity.

Indian market presents a large number of opportunities that are very well governed as well. Yes, there are a lot of names which make the headlines for poor governance, but that doesn't take away from the fact that there is a very large number of names that are very well governed. Along these lines, I would say in my experience, markets in more democratic countries provide better alpha opportunity than markets in less democratic countries. And the reason is because property rights are upheld to higher degree in more democratic countries than in the least democratic countries. And one of the best things India inherited, I would say from the British, was the rule of common law, which it has then preserved and enhanced. And I'm not suggesting that there aren't some shortcomings, but by and large, there is a proper rule of law.

Another point I want to mention is there are a large number of entrepreneurially-driven companies in India. In EM world, you'll find that there are a lot of government owned companies. So 20% of the EM market is owned by government. That proportion is much smaller in India, its high single digits. That's another reason why I believe at an overall market level governance is superior in India, because the lower proportion of government owned companies whose objectives is not necessarily to serve the minority shareholder.

Third, there is a large number of mid and small cap companies in India. It's one of the, amongst emerging markets, the most heterogeneous markets from a sectoral perspective. There are countries that are a lot more homogenous. There's certain markets which are predominantly commodity based markets. There, certain markets are predominantly hardware or technology driven like Taiwan for example. In India, you find a very diverse heterogeneous mix with a very large number of mid and small caps which makes for a very fertile ground for alpha generation if done properly.

George Viney: Prashant, why hasn't that alpha been competed away? Why hasn't it attracted more capital? And I suppose the capital that has been attracted to Indian equities hasn't necessarily sufficiently exploited the opportunities available. And why is that? Why are some investors practicing things differently? I suppose, what are the common errors or misconceptions that investors have when they approach investing in Indian equities?

Prashant Khemka: Great question, George. I think it is one of those phenomena which take generations to play out rather than years. So when I started in 85, the market was far more inefficient than it is today. Nineties was more efficient than eighties when electronic trading started. Earlier it was open price system in the trading pit and whatnot. The broker or the sub broker ate the spread in between, which there was no way of knowing how much spread they ate. One way trading cost for me was like probably 5% or something at that time. Today it is like five to 10 basis points, and that's reflective of efficiency in trading costs, but there's also efficiency in various other aspects. So in nineties we had electronic trading systems. Obviously the advent of internet meant that the information flow became better than in the eighties. And then obviously in 2000s there were large number of foreign institutional investors that increase their presence in India.

And every decade the market is more efficient than prior decade. However, as I tell clients who often ask, passive funds is a risk for my great grandkids generation, not for my generation. There is still a lot of alpha for the right investment team to exploit from the markets. Like in US, there's still alpha to be had in small caps, and there are lot of studies that suggest that small caps managers on average do add alpha. US large caps has become far more efficient. So think of India as a market as still in the small and mid-cap zone compared to the global equities markets.

In India, the professional asset management business truly started in the nineties because until the early nineties liberalization of the Indian economy, there was just one asset manager that was owned by the government. There aren't that many people involved in the profession compared to the US. Now it's grown dramatically over the last 20, 30 years. I'm one of the oldest in the profession because prior to my generation, there was no such thing as buy side or sell side, if you will. All these play contributory role towards making a market more efficient and it just takes time.

George Viney: Prashant many people in your place would emphasize the scale of the country, the size of the population, and a history of very impressive economic growth in the last 20 years. What role do those tailwinds play in your thinking and the way that you invest?

Prashant Khemka: As a society, certainly it's very rich in its diversity and cultures. It's somewhat like Europe in a political union, and multiply that by four or five. That's kind of the scale of the Indian population and as a society.

The country has delivered I think 6-7%, maybe closer to 7% growth over the last 30 years. And when you compound at that pace, obviously, the numbers start becoming larger. At the turn of the century, I believe the per capita was

$500 or something. So very low today also, at about $2,000-$2,500. But on a scale of 1.4 billion, that makes the overall economy now the fifth largest economy globally.

Now, when evaluating any individual investment, one of the important attributes that one looks for in any market around the world, because it's a very important variable in the value equation, and that is growth. So growth in the economy provides a fertile ground for faster growth for the companies. So if you've grown about 7% in real GDP terms, and then 4-5% in GDP deflator, the economy's been growing low double digit in nominal terms in local currency terms, in US dollar terms, think of it as nominal growth of 7-8%. That's fantastic. A lot of companies in India have that advantage of operating in a fertile environment for growth.

George Viney: To what extent does the future growth of India depend on bringing a lot of the poor, regional and rural population up out of poverty? And is there a necessity to industrialise in order to prolong the duration of the growth rates that we've seen in the last 10 to 15 years?

Prashant Khemka: For years and years I've gotten questions like, does the poor infrastructure, can that throttle India's growth? Can that inhibit India's growth? Because probably first thing that'll strike you when you land in India and travel around India is that physical infrastructure is so poor. Obviously it was much poorer, say 20 years ago than it is today. My response to this infrastructure question, for example, was that growth is about change. It's not about the stock. So Japan probably has the best infrastructure in the world, but the pace of change of that infrastructure may not be that much because they've already reached the pinnacle in terms of having top notch infrastructure. Whereas, in India, there is a lot of improvement, you know, from a village mud road, you can move to a single lane road, you can move then to a double lane road, and then you can move to a four lane highway, a state highway, and then you can move to an eight lane national highway.

That change is what drives growth. The fact that we had mud roads and even now might have muddy roads that is reflected in the fact that the per capita GDP is still $2,000-$2,500. But the change transformation of those roads to national highways or state highways is what is captured in the growth rates.

Another question I repeatedly have been asked over the last decades is whether the caste system would hinder India's growth. Obviously, it's something that is negative and might still persist in rural areas to some extent. But what the important thing is, how is that evolved over the last 30 years? It is improving each passing year and growth is a function of change. And so that improvement is contributing to the growth of the country. I would say to almost any of these problems that India has, the change on all these fronts is in the positive direction.

And this pace of improvement is good enough to have driven the 6-7% growth rate over the last 30 years. As things stand today, I think the country is moving along in the direction at a pace that is consistent with maintaining that, call it 6% growth.

Tom Yeowart: The key, Prashant, is the fact that India's growth has been profitable growth. You see a lot of emerging markets that grow, but it doesn't translate into profitable growth for companies. And perhaps that's why India has outperformed lot emerging markets. With that in mind, I'd love to hear you talk a bit about your investment approach and how you would describe your philosophy and really what you're trying to achieve.

Prashant Khemka: Certainly. So team share philosophies that outsize returns are earned over time by investing in great businesses at attractive valuations. So we are looking for, most powerful combination of great business and attractive valuation. Now, most managers say the same thing or something similar, but as I again say that it's a centuries old sport, there's no silver bullet. You have to do certain basic things right? But do them very consistently day in, day out. Just like to have a healthy body, we all know that we must eat well, sleep well, exercise and have a stress-free life. Four simple, basic things for what is most important in everyone's life, but it's easier said than done beyond the first few days of January. And so the devil lies in details and execution and consistency. And that's where I believe the team sets itself apart.

What we consider as great business is one that has some of the key attributes like superior returns on incremental capital, scalable and well managed both in execution and governance. So each of these three attributes is born out of the fundamental value equation, that value of any business is present value of future cash flows. To generate cash flows in the future sustainably, returns on incremental capital or future capital must be higher than cost of capital. Otherwise, there's no sustainability to cash flow generation. Scalability is about growth of those cash flows. We look for companies that can outgrow competition through market share gains and grow those cash flows faster than the industry.

And then when you have potential for superior returns and scalability, you need execution DNA at the company to deliver on those over a sustained long period of time. Because so many companies in any given industry were at the same point pretty much 20, 30 years ago, but today when you look back, some of them have delivered tens or even hundreds of billions of value creation to shareholders, whereas others have gone into oblivion. And usually the difference is execution DNA of the organizations. We'd spend a lot of time assessing that and first and foremost, the governance DNA of the organization. Because even if all the other attributes are present, but governance is missing, then it may be a great business for the controlling shareholder, not for us minority shareholders.

When we do identify companies that possess these attributes in good measure, it's important to then value them logically and have the discipline to invest and own them as long as there is substantial upside to fair value. So we are not from the school of thought that great businesses you can buy at any price and own them forever, regardless of the price. That may be an approach that has some merit to deliver market return or just above market return. But goal of the team is very much to not just beat the market, but be the best manager or be best investor out there. And to that end, we believe valuation discipline adds an extra few crucial percentage points to returns over time, which makes all the difference.

Having said that, we don't look at P/E multiples at all. Going back to first principles, we have a very cash flow centric approach. An adapted version of DCF, what we call OpCo-FinCo framework, which is the framework that we use to quantify the value of excess ROIC in the business, going back to the superior return on incremental capital point.

Tom Yeowart: Maybe zeroing in on the quality aspect, the great business aspect, of what you do. And clearly at the moment in the developed markets, there's something of a banking crisis going on and in India, and emerging markets in general, banks and financials typically make up a decent proportion of the overall index, which is reflected in your portfolios. And I guess you can't get away from some of the issues of investing in banks like the leverage and potential liquidity mismatches. But I'd love to hear you talk a bit about why the likes of HDFC Bank have been wonderful franchises over the last 10, 20 years and compounded at rates, frankly, that would make developed market investors stand back and say, how is that possible?

Prashant Khemka: Since we have an EM strategy as well, we as a team have evaluated the bank and invested in banking sector across emerging markets from Latin America to Asia, from Eastern Europe to Africa. Let me first tell you the conclusion. In emerging markets, the banking sectors are, in general, far better shape than in developed markets. Obviously not talking about government owned banks here because they are basically sovereign balance sheets, so it doesn't really matter. They don't run into the risks. So a lot of the countries, the banks are owned by the government. But I'm talking also about the private sector banks. You mentioned HDFC Bank in India. All the major banks that just reported fantastic numbers, very solid balance sheets and profitability. The fundamental difference why, in my assessment, the banking sectors around the world are far more sound in emerging markets than in developed market is because of the regulatory approach.

So in the developed world, I believe there is a greater priority given in the regulatory framework to free markets and competition. So the regulations and all are structured so as to enable competition, fierce competition, amongst banks in a free market kind of framework. Whereas in emerging markets much greater degree of importance is attached to soundness of the banking system, even if it comes at the expense of less competition and not so free a market. In several emerging markets, particularly in India, the regulator is very conservative and they stipulate a lot of different parameters that are far tighter. So the risk weights associated, the loan to value ratios that they can have in different asset classes. The provisioning norms for non-performing loans, all those err to the side of greater degree of caution than in the western world.

And I think that's what you see playing out now. During global financial crisis as well. The Indian banking system also has had some crisis, but compared to what you've seen in the Western world, those are like speed bumps or hiccups, if you will.

So that's the fundamental difference. And I've had over the years, the opportunity to speak to some of the regulators as well. For example, one of the Latin American regulator when we discussed the fact that four banks make up nearly 80% of the market. How do they think about it? They're like, look, because of the fewer number of banks, we are able to regulate them, monitor them, more thoroughly and in a better fashion. And hence, we did not have the crisis that US had, for example. And we value that soundness and stability of the financial system.

It doesn't come without its cost. So in the US, the cost of money is going to be lower because the banks are competing fiercely for your loan. Whereas many of the emerging markets, the consumers might be paying a price for that. But if you're an investor, maybe these emerging market banks do offer a more profitable set of opportunities with lesser risk.

George Viney: Prashant, I'd like to move the conversation on and talk a little bit about valuation, since India and the main index, at least from a top-down view, appears relatively expensive, both versus other emerging markets and its history. The Sensex has fluctuated between something like 10-20x, and it's probably closer to that upper end today. How do you assess valuations for Indian equities?

Prashant Khemka: Relative to its own history, the Sensex, depending on what timeframe that you look at, has ranged between 10-25x. 10x was during, let's say the global financial crisis, the worst point, if you will. The average over a long period of time has been 17.5x or so. And when I say long period of time is a 30 year average. Over the last 10 years of call it the Modi era, multiple has been closer to 21x. So during the last 10 years, the markets traded at about 20% premium to the 30 year average. A lot of markets around the world are trading at a higher multiple than their 30 year average because of whatever reason, including where the global interest rates might be compared to the 30 year average.

But in that context, the current multiple, call it 19x, is sitting about 10% higher than the 30 year average and 10% lower than the last 10 year average for the Indian market. So I would say it is more or less in line right now with the longer term historical multiple of the Indian market.

Relative to emerging markets, it's always traded at a higher P/E multiple. I would not necessarily take that to mean it has traded at an expensive or overvalued or anything. It's just a statement of fact that it has traded at a higher P/E multiple historically and currently as well. I don't have off the top of my head what the premium is right now. But it is like when you compare two companies in any market, let's take US as an example. If you compare Exxon's multiple and you say, Exxon is trading at eight P/E multiple compared to Pepsi, that might be trading at 16 P/E multiple. As we can all agree, those are not apples to apples comparison. So similarly the underlying asset mix, as we were talking about earlier, in India is very different from the underlying asset mix of some of the other EM countries and even EM as a whole.

Even within the same sector you have companies that trade at 25x and other companies that trade at 5x. In India, some of the private sector banks trade at 25x P/E multiple. You also have government run banks, which trade at single digit multiples. Now in the Indian index, 90% of banking weight is well run private sector banks. Whereas if you take China, which is the largest country in the benchmark, 30% weight in EM, the entire banking sector is government owned. So it's not apples to apples comparison. You're comparing Indian banking sector, which is 90% well run private sector banks with Chinese banking sector, which is basically extension of Department of Finance in China.

We were talking earlier, growth rate is higher in India, governance is superior in India. So those aspects also all do come into play. More democratic countries. We have this analysis, which we published in our 2021 newsletter where we made the case why more democratic countries have always traded at a premium to less democratic countries and why that makes sense. And India is amongst the most democratic countries as measured by independent third party institutions.

George Viney: Perhaps taking a more apples to apples comparison and starting closer to home. Judged through the lens of the Indian listed subsidiaries of Western consumer goods companies. The better quality Indian companies look very expensive. So Nestle India is on over 60x earnings, Hindustan Unilever on over 40x. We can debate the merits of a P/E multiple but the disparity with their parent companies is stark. How do you think about that?

Prashant Khemka: If you look at Unilever and I haven't analysed Unilever UK and Nestle Switzerland in as great detail as we do their Indian subsidiaries. But as I was saying, growth rate is a very critical element of value equation. Very critical variable. So the growth rates in India for Nestle, they just reported a week or so ago, they delivered 20+% growth year over year. I haven't looked at what Nestle Switzerland would be, but I bet it is not double digits even.

For Nestle, I think it's reasonable to assume it can grow close to double digits, if not double digits, for decades to come in India. Whereas for Nestle Global, probably that reasonable assumption would be low to mid-single digits. Even if you adjust for 3-4% because of currency and inflation differential, still Nestle India is a substantially higher growth company than Nestle Global. So you have the same company, same governance. Everything same. So it's so apples to apples, as you said, George, but one with multiple points of faster growth over the next 25 to 50 years.

Adjusted for currency, the growth differential can be 3-4%. I'm getting a little academic here, but if you use, let's assume an 8% discount rate, and if Nestle Swiss is growing at 3%, then one divided by R minus G would suggest one divided by eight minus three. The multiple should be 20 x. Whereas if Nestle India is growing at 6%, then that would suggest one divided by eight minus six should be 50 multiple. So 20 multiple and 50 multiple might be justifiable. I'm just taking, you know, rough numbers. The numbers could be two and seven or something different. But I'm just saying each multiple point of sustainable growth is worth a lot of premium in terms of cash flow multiple and P/E multiple.

Tom Yeowart: If you were to go back to the start of your career, what piece of advice would you give a young Prashant?

Prashant Khemka: The advice I'll give to myself is spend more time with family and focus even more on learning what you love.

Tom Yeowart: Very sage advice. And thank you very much for coming on. It's been a pleasure.

Prashant Khemka: Thank you very much, Tom. Thank you, George.