

Branson's first jumbo jet came with a refund clause. That is the Dhandho idea

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Maxim: *Heads I win, tails I don't lose much.* — Mohnish Pabrai

The best bets are not the ones with the biggest possible reward. They are the ones where being wrong costs little and being right pays a lot.

Most investors ask how much they could make. The better question is how much they could lose, and whether the answer is small enough to live with.

Richard Branson asked that question in the early 1980s, when he was running a record label and decided, on something close to a whim, to start an airline. Airlines were, and remain, a famous way to lose a fortune. Branson's response was not to bet everything on being right. It was to make being wrong survivable. He telephoned Boeing, which was, he recalled, amused to hear from a music executive asking about jumbo jets. Eventually he found someone who told him Boeing had a second-hand 747 "that they would seriously consider taking back after a year if things didn't work out."

The deal that followed, he wrote [on Virgin's own site](#), "allowed us to return the aircraft to them after a year and be reimbursed for at least the original cost." He applied the same logic everywhere he could: staff contracts, currency exposure and route costs were all limited to a year. If Virgin Atlantic failed, the loss would be capped and bearable. If it worked, the upside was an airline. It worked.

The Dhandho investor

Mohnish Pabrai, an Indian-American fund manager who built his own investment approach around Warren Buffett's, calls this kind of bet Dhandho, from the Gujarati word for business, and sums it up in one line: heads I win, tails I don't lose much. As Morningstar India's Larissa Fernand [described in 2019](#), Pabrai says he learned it from entrepreneurs, who tend to avoid bets that are high-risk and high-return and look instead for low-risk bets with high-return potential. He calls the sweet spot "low risk, high uncertainty": situations where the outcome is unclear, which keeps the price low, but where the worst case is limited.

His favourite example comes from his own community. Gujarati Patel families, many arriving in the United States in the 1970s after being expelled from East Africa, bought small, cheap motels. The family lived on the premises and worked in them, kept costs ruthlessly low, and priced rooms just under their competitors. Banks, seeing few defaults, lent them 70–80% of the purchase price. If a motel struggled, the family still had a roof and work; if it did well, it became the deposit on the next one. In a [recent interview reported by Benzinga](#), Pabrai estimated that Patels now own more than 70% of America's motels.

How the principle translates to a portfolio

In the same Morningstar piece, Pabrai's practical rules all come back to the size of the downside. He says he buys only when a business trades at around a quarter of what he thinks it is worth or less, so that even a large error in his estimate leaves room. He has never shorted a stock, because a short's

gain is capped while its loss is not. He is wary of businesses that borrow short-term to lend long-term, which India's NBFC crisis showed can sink even firms with sound assets. And he accepts that he will be wrong perhaps a third of the time, citing John Templeton, because in a portfolio of asymmetric bets the winners can more than pay for the losers.

That last point matters most for ordinary investors. Asymmetry does not mean you are usually right. It means your mistakes are cheap.

Why it matters now

Falling markets are where asymmetric bets are most often found, and also where investors are most tempted to make symmetric ones. By late May 2026 the Nifty was down about 8.5% for the year and a Reuters poll of analysts pointed to its first calendar-year loss since 2015, [Invezz reported](#). Lower prices widen the gap between price and value in some businesses. They also push some investors toward leverage or derivatives in the hope of recovering losses quickly, which is the opposite of Dhandho: a bet where tails can cost a great deal.

Checking a bet for asymmetry

Before committing money to any idea, whether a stock, a fund or a business of your own, put it through five questions:

1. **What is the realistic worst case, in rupees?** Not the likely case, the bad one. If you cannot name a number, you do not understand the downside.
2. **Is the price far below a conservative value?** The bigger the gap, the more room for error. Pabrai wants a very wide margin; even a smaller one is better than none.
3. **Is any loss unlimited or forced?** Short positions, margin loans and option writing can cost more than you put in, or force you to sell at the worst time. These turn a bounded bet into an unbounded one.
4. **Can you wait?** A bet that needs to pay off by a fixed date, because of borrowed money or a known expense, is less asymmetric than it looks.
5. **Is the upside several times the downside?** If the best realistic outcome is only a little better than the worst is bad, the bet is not worth the uncertainty.

A simple decision rule. Take a bet only if you can state its worst realistic loss in rupees, that loss would not change your life, and the plausible gain is several times larger. If any part of the downside is open-ended, through leverage, shorting or a deadline, walk away however attractive the upside looks.

Branson's refund clause did not make Virgin Atlantic succeed. It made failure affordable, which freed him to try. Investors who structure their bets the same way can afford to be wrong a third of the time, as Pabrai expects to be, and still come out ahead. The coin will land however it lands. Your job is to make sure tails is a small loss, not a ruin.

Sources

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