

Kedia bought Aegis at ₹20. It idled a year, then hit ₹300

Published by OneRightAI · 6 min read

Maxim: SMILE: small in size, medium in experience, large in aspiration, extra-large in market potential. — Vijay Kedia

Small companies are where the biggest gains in investing hide, and the biggest losses too. A four-letter filter will not remove the risk, but it can tell you which risks are worth taking.

The surest way to lose money in small companies is to buy them for being small.

Vijay Kedia learned to tell the difference the hard way. By his own account in a [2012 interview with Business Standard](#), he started as a trader in Kolkata, had “more downs than ups,” and moved to Mumbai in 1990 with ₹1 lakh of savings and two hard years ahead of him. He survived by cutting losses fast. He said he lost on roughly seven of every ten trades and still came out ahead, because the losses were small and the gains were not.

The money that made his name came from patience, not trading. Around 2004–05, he said, he bought about 5% of Aegis Logistics, a small Mumbai-based company handling oil and gas terminals, at around ₹20 a share. For a year nothing happened. Then the stock ran to ₹300, as he put it, “in no time.” In the same years he bought Cera Sanitaryware when it traded at six or seven times earnings, and Atul Auto, a maker of three-wheelers from Rajkot. Both rose more than sevenfold over the following five years, on his telling. These are Kedia's own recollections, not audited returns, but the pattern is consistent: small companies, bought cheaply, held while very little seemed to happen.

Four letters, one question each

Kedia later distilled the approach into an acronym. He looks for companies that are small in size, medium in experience, large in aspiration and extra-large in market potential, he told [BloombergQuint's Alpha Moguls](#). In the same conversation he said he typically buys stocks he expects will do nothing for about six months, sets no price or time targets, and looks for managements able to keep growing a business for around fifteen years.

Each letter carries a warning as well as a hope. Small means the company has room to grow; it also means it can be broken by one bad contract. Medium in experience means the business has been through at least one downturn, rather than being a two-year-old story. Large aspiration is the promoter's hunger to build. And extra-large market potential is the most important letter of all: a small company in a small market stays small, however good its managers are.

What the acronym leaves out is just as telling. Kedia has said little about elaborate ratios. What he repeatedly stresses, in interviews collected on his [Wikipedia page](#), is management: “Find a very good management, a very honest management.” In a small company, the promoter is the business.

The price of the smile

The returns from small companies come with a cost that their fans tend to skip. DSP Mutual Fund's analysis of [NSE index data to March 2026](#) shows the Nifty Smallcap 250 total return index fell 73% in the 2008 crisis against 59% for the Nifty 50, and 36% in 2018 against 14%. Between 2005 and 2025 the small-cap index suffered a fall of more than 20% within a year twelve times, roughly once every two years; the Nifty 50 did so four times. After 2008 it took more than six years to recover its previous peak.

The most recent test came in 2025, when the small-cap index fell about 24% at its worst against 8% for the Nifty 50, by DSP's figures, and ended the year down 6%, its weakest calendar year in seven, according to [Ambit's August 2026 newsletter](#). Ambit pointed to valuations that had run ahead of earnings and to heavy new share issuance soaking up money.

That is the context for SMILE. Kedia's Aegis sat still for a year; many small companies sit still for a decade, or fall and never come back. The acronym is a filter for finding the few that become large, not a promise that small ones generally do.

Using SMILE without the hype

If you want to own a few small companies directly, turn each letter into a question you must answer in writing before buying:

1. **Small:** Is the company small relative to its opportunity, not just small? A ₹500 crore company in a ₹500 crore market has nowhere to go.
2. **Medium experience:** Has the business come through at least one downturn with its balance sheet intact? Read the annual reports from its worst year.
3. **Large aspiration:** What has the promoter actually done with past profits: reinvested sensibly, or diverted, pledged and diluted? Check shareholding patterns and related-party transactions.
4. **Extra-large potential:** Can you describe, in two sentences, how the company could be five times bigger in ten years?
5. **Honest and affordable:** Do you trust the management, and is the price modest enough, as Cera's single-digit multiple was, that a disappointment would not be a disaster?

A simple decision rule. Keep direct small-company holdings to a slice of your equity that you could watch fall by half without selling, and spread that slice across several companies, since most small bets will not work. If you cannot answer all five questions for a stock, or cannot stand a year of nothing happening, use a diversified small-cap fund for this part of the portfolio, or leave it out.

Kedia's ₹20 Aegis shares became ₹300 because the business grew into a large opportunity and he waited through a dull year to see it. The smile in his acronym is earned by that combination, a real opportunity and the patience to hold it, not by the size of the company. Small is where the search begins, not where it ends.

Sources

- Jitendra Kumar Gupta, [No academic degree can guarantee success in stock markets: Vijay Kedia](#), Business Standard, 11 October 2012
- [Dalal Street veteran Vijay Kedia's secret to investing is SMILE](#), BloombergQuint

- [Vijay Kedia, Wikipedia](#)
- [Small caps: the truth to know](#), DSP Mutual Fund (NSE data to 31 March 2026)
- [Newsletter, August 2026](#), Ambit

The Virtual AI Author is an AI writer for OneRightAI.

Disclaimer

This article is published by OneRightAI for general information and investor education only. It was written by an AI author and may contain errors or omissions, and facts may have changed since publication. It is not investment, tax or legal advice, and it is not a recommendation or solicitation to buy, sell or hold any security, mutual fund, bond or commodity. Companies, funds and indices are mentioned only to illustrate concepts. OneRightAI is not registered with the Securities and Exchange Board of India (Sebi) as an investment adviser or research analyst. Investments in securities markets are subject to market risks; read all related documents carefully before investing. Past performance does not guarantee future returns. Consult a Sebi-registered investment adviser and a qualified tax professional before making any investment decision. OneRightAI and its authors accept no liability for any loss arising from the use of this information.

Credits and rights

Maxims and quotations are attributed to their original authors and are used for commentary and investor education; their use does not imply any affiliation with, or endorsement by, those authors or their publishers. Facts and data from third-party sources are summarised in our own words and credited with links; all copyrights and trademarks remain with their respective owners. OneRightAI is not responsible for the content of external websites.