

# Kedia bought a falling stock “for fun”. Then he called it a mistake

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**Maxim:** *Volatility is an opportunity only when the business case holds.* — Vijay Kedia, in substance

*A falling price is an offer, not a verdict. Whether it is a bargain depends entirely on what you know about the business behind it.*

A lower price makes a good business cheaper. It makes a business you do not understand merely lower.

## A veteran's honest mistake

In October 2025, Vijay Kedia, one of India's best-known individual investors, did something most investors never do in public. Asked about his holding in Eimco Elecon, a stock that had fallen about 40% in a year, he called it a mistake, [Business Today reported](#). The shares had dropped from around ₹3,400 to ₹1,700–1,800, he said, and he had bought on the way down “for fun”. He had not realised his stake had crossed the 0.5% level at which his name would appear in public disclosures.

His explanation was disarmingly direct. “I would not have bought this stock. I have no idea about this company,” he said. “I also make mistakes — I am human.” He added that he felt a moral duty to have a solid rationale for each investment.

That admission is the maxim in miniature. The price had halved, which made the stock look like an opportunity. But a halved price is only an opportunity if you can say why the business is worth more than the market now thinks. Without that, buying a fall is a bet on the chart, and the chart owes you nothing.

## When volatility was a gift

The opposite case is easy to remember. In early 2020 the Nifty traded above 12,000. On 24 March, as the pandemic shut the country, it hit 7,511, a fall of about 40% in two months. By early November it had erased all of the year's pandemic losses, [BloombergQuint noted](#), led by pharma, technology and Reliance Industries.

The crash was terrifying, but in hindsight the broad market's business case held. Lockdowns shut companies without breaking most of them, and the recovery was led by sectors such as pharma and software, where demand held up through the pandemic. Investors who judged the businesses rather than the headlines, and who had cash and nerve, were paid for it within months.

The difference between Kedia's small mistake and the 2020 opportunity is not the size of the fall. Both prices dropped by close to half. The difference is whether there was a reason, beyond the fall itself, to believe the value was still there.

## Mr Market's offer

Warren Buffett framed this idea in his 1987 letter to Berkshire Hathaway shareholders, borrowing Benjamin Graham's parable of a moody business partner who shows up every day offering to buy or sell. "Mr. Market is there to serve you, not to guide you," Buffett wrote, as [Farnam Street reproduces](#). He added a warning that is easy to skip: if you are not certain you understand and can value your business far better than Mr. Market, "you don't belong in the game."

Volatility, in other words, is only useful to someone with an independent view of value. For everyone else, it is just noise that feels like information.

## Why it matters now

The test is live again. By late May 2026, the Nifty was heading for its first calendar-year loss since 2015, foreign investors had pulled out more than \$23 billion, and the IT index was down more than a third from its December 2024 level, [Invezz reported](#). Many stocks now look cheap against their own history. Some will turn out to be 2020-style opportunities. Others are falling because something in the business has genuinely changed. The price alone will not tell you which is which.

## Before you buy the fall

Run these five questions on any stock that has dropped sharply:

1. **Why did it fall?** Separate a market-wide sell-off from a company-specific problem. The first is often an opportunity; the second needs investigation.
2. **Has anything in the business changed?** Check the latest results, management commentary, debt and any governance news. Falling earnings, rising debt or an auditor's concern can mean the price is right.
3. **Can you state the business case in two sentences?** If you cannot explain why the company will be worth more in five years, you are buying a price, not a business.
4. **Can the balance sheet survive a long downturn?** Low debt and steady cash flow give a company time for the market to come round. Leverage takes that time away.
5. **Would you buy it if it had not fallen?** If the only attraction is the drop, step back.

**A simple decision rule.** Buy a falling stock only when you can write down the business case, and that case is unchanged by whatever caused the fall. If the case has weakened, treat the lower price as a warning. And keep any "for fun" bets, if you make them at all, small enough that being wrong is a lesson rather than a loss you feel.

Kedia's candour is the most useful part of the story. Even an investor with decades of experience can be tempted by a falling price. The protection is not more experience; it is a rule that the business case comes first, and the price second.

## Sources

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