



Market Correction

Heavy FII/FPI selling
Buy, **Sell** or **Wait**?

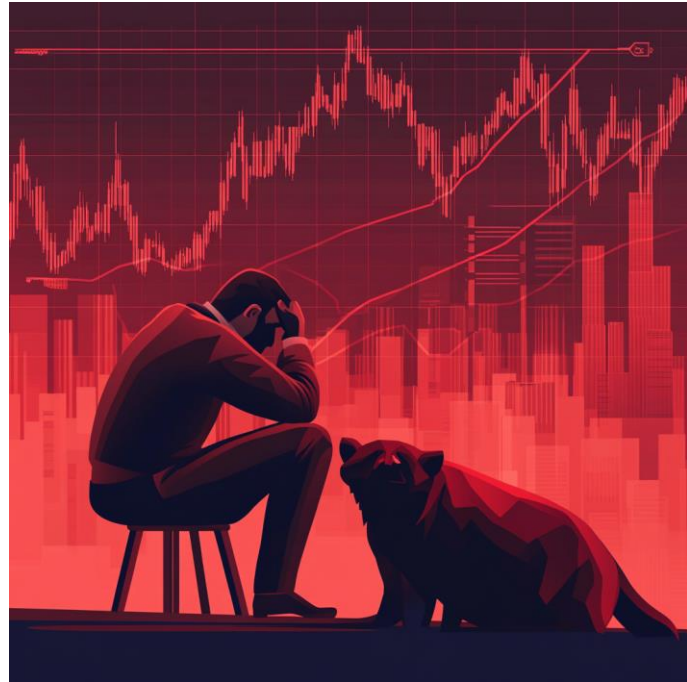
Aalps Wealth India Private Limited

Aalps Wealth India Private Limited | ARN - 181211

AMFI Registered Mutual Fund Distributor

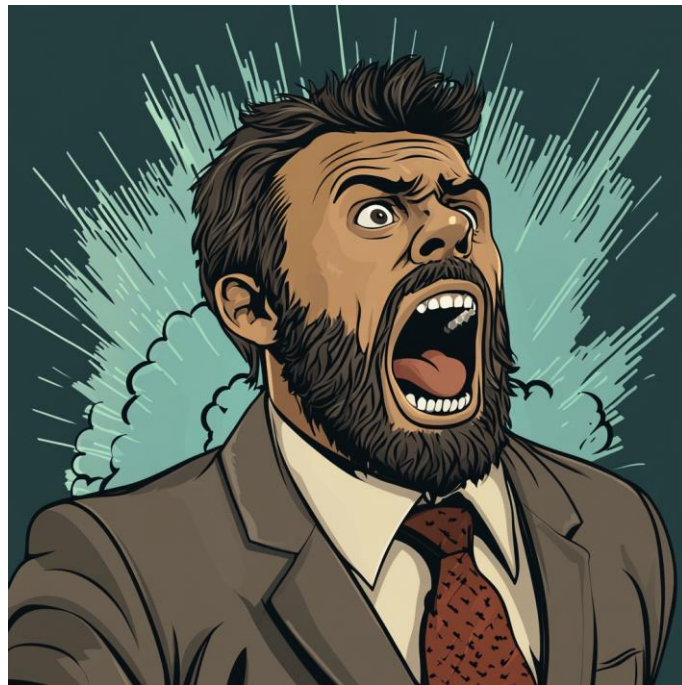
Common headlines during the Correction!

- Bloodbath on Dalalstreet
- Indian stock market crashed, 10 Lakh crore wiped out
- Sensex plunges over 1100 points.
- Can stock market crash trigger a capitulation phase?
- Stock market crash! Equity investors lose Rs. 16.97 lakh crores in just 5 days.



Foreign funds have
withdrawn over Rs 1 lakh
crore from the Indian
stock market in 2025.

What next?



Total Number of registered FPIs in India

11979

Source: <https://www.sebi.gov.in>

(Registered intermediaries as on date 7th Feb. 2025)



Understanding FII/FPI

- FPI is a foreign portfolio investors registered in India also commonly known as FIIs.
- FPI is not single entity
- There are around 11979 FPIs as on 7th Feb., 2025
- They are from different parts of the world.
- All of them may not require the money at the same time.

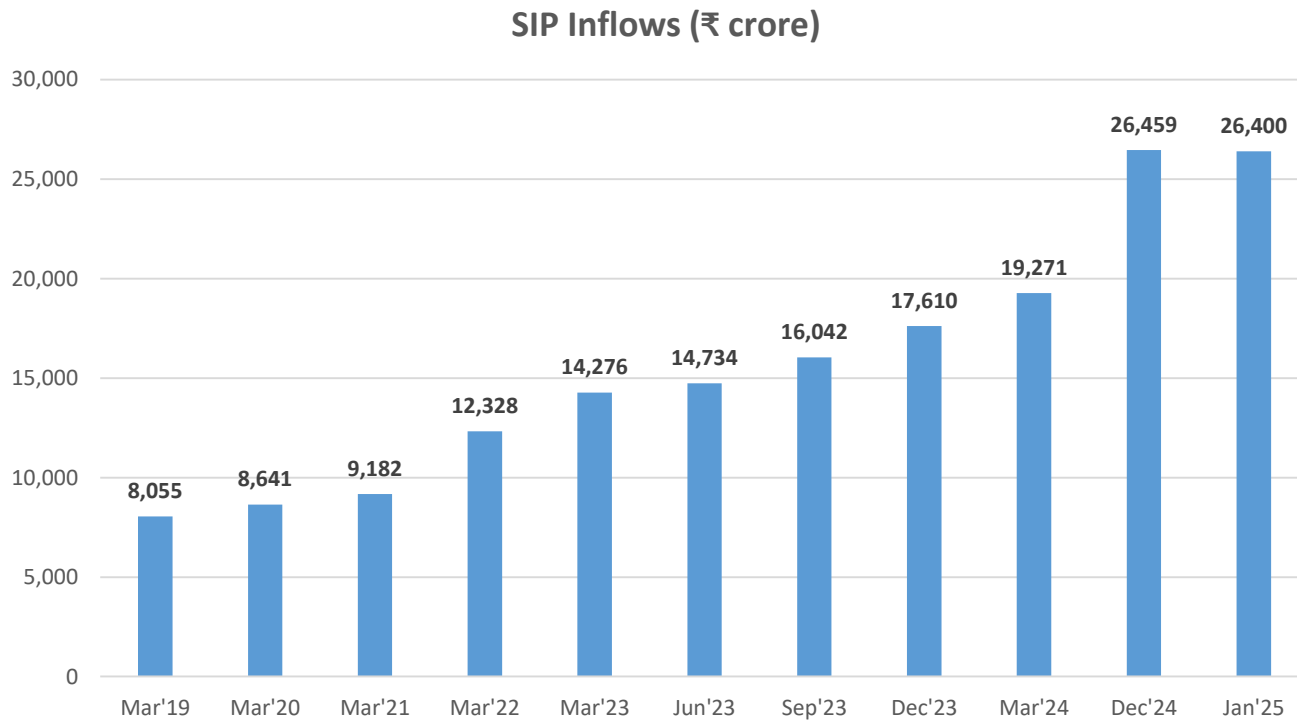


FPI inflow in Indian Equity Market

FY	FPI Inflow		FY	FPI Inflow		FY	FPI Inflow
1992-93	13		2003-04	39959		2014-15	111333
1993-94	5127		2004-05	44121		2015-16	-14172
1994-95	4796		2005-06	48800		2016-17	55703
1995-96	6942		2006-07	25236		2017-18	25635
1996-97	8546		2007-08	53404		2018-19	-88
1997-98	5267		2008-09	-47706		2019-20	6153
1998-99	29973		2009-10	30877		2020-21	274032
1999-00	9669		2010-11	110121		2021-22	-140010
2000-01	10207		2011-12	43738		2022-23	-37632
2001-02	8072		2012-13	140031		2023-24	208212
2002-03	2528		2013-14	79709		2024-25	-91094

As on 6th Feb., 2025- Source - <https://www.fpi.nsdl.co.in/Reports/Yearwise.aspx?RptType=5>

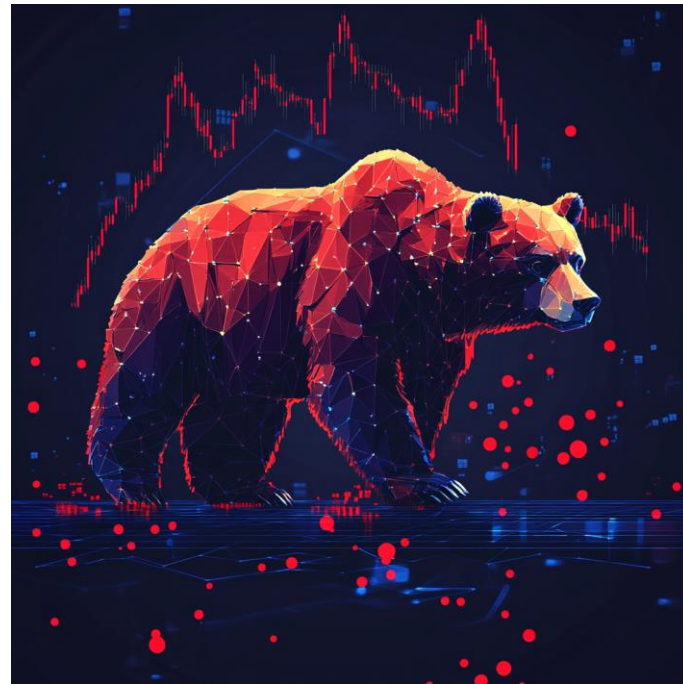
SIP flow above 26,000 cr.



Source: AMFI India

History of correction

- **First-grade corrections:** 5–10% declines occur approximately every 1.5 years.
- **Second-grade corrections:** 10–20% declines occur approximately every 3 years.
- **Third-grade corrections:** Declines of more than 20% occur approximately every 4 to 5 years.



Fall And Recovery Analysis of Nifty 50 (Jan 1991 to Nov 2024)													
	Month-Year			Nifty 50 Level			Absolute	Peak to Recovery Period			Absolute	Total ~ 34 Years	
Coorection	Peak	Bottom	Recovery	Peak	Bottom	Recovery	Fall	Days to Fall	Recovery	Total Days	Return On Recovery	Occurrence	Avg Occurrence
	Jan-91	Jan-91	Feb-91	326	306	335	6.2%	14	10	24	9%		
	Feb-91	Feb-91	Feb-91	340	322	362	5.2%	8	6	14	12%		
	Mar-91	Mar-91	Apr-91	386	361	387	6.3%	2	32	34	7%		
	May-91	Jun-91	Jun-91	412	387	416	6.1%	8	14	22	7%		
	Jun-91	Jun-91	Jul-91	416	392	416	5.7%	7	10	17	6%		
	Sep-91	Oct-91	Nov-91	563	511	564	9.3%	23	27	50	10%		
	Nov-91	Dec-91	Jan-92	572	534	573	6.8%	28	15	43	7%		
	Apr-92	Apr-92	Apr-92	1276	1160	1278	9.1%	5	15	20	10%		
	Feb-94	Feb-94	Feb-94	1286	1195	1301	7.1%	8	5	13	9%		
	Aug-99	Sep-99	Oct-99	1423	1351	1470	5.1%	22	16	38	9%		
	Jan-00	Jan-00	Feb-00	1639	1546	1663	5.6%	27	8	35	8%		
	Jan-05	Jan-05	Mar-05	2115	1909	2129	9.7%	21	38	59	12%		
	Dec-06	Dec-06	Jan-07	4016	3717	4024	7.4%	6	22	28	8%		
5%-10%	Oct-07	Oct-07	Oct-07	5670	5184	5702	8.6%	7	4	11	10%	27 Times	1.26
	Nov-07	Nov-07	Nov-07	5932	5617	5938	5.3%	10	2	12	6%		
	Nov-07	Nov-07	Dec-07	5938	5519	5940	7.0%	8	13	21	8%		
	Dec-07	Dec-07	Jan-08	6159	5742	6179	6.8%	6	15	21	8%		
	Nov-13	Nov-13	Dec-13	6317	5990	6364	5.2%	10	26	36	6%		
	Dec-13	Feb-14	Mar-14	6364	6001	6401	5.7%	57	30	87	7%		
	Sep-14	Oct-14	Oct-14	8174	7748	8322	5.2%	38	15	53	7%		
	Nov-14	Dec-14	Jan-15	8588	8030	8696	6.5%	19	34	53	8%		
	Apr-19	May-19	May-19	11787	11148	11828	5.4%	27	7	34	6%		
	Jan-21	Jan-21	Feb-21	14645	13635	14648	6.9%	9	4	13	7%		
	Feb-21	Apr-21	May-21	15315	14296	15338	6.6%	64	37	101	7%		
	Dec-22	Mar-23	Jun-23	18813	16945	18826	9.9%	113	84	197	11%		
	Sep-23	Oct-23	Dec-23	20192	18857	20268	6.6%	41	36	77	7%		
	Jun-24	Jun-24	Jun-24	23264	21885	23290	5.9%	1	3	4	6%		

Source: ValueMetrics

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Coorection	Peak	Bottom	Recovery	Peak	Bottom	Recovery	Fall	Days to Fall	Recovery	Total Days	Return On Recovery	Occurrence	Avg Occurrence
	Mar-92	Mar-92	Mar-92	1017	907	1061	10.8%	9	6	15	17%		
	Mar-05	Apr-05	Jun-05	2169	1903	2170	12.3%	52	53	105	14%		
	Oct-05	Oct-05	Nov-05	2663	2316	2664	13.0%	24	28	52	15%		
	Jul-07	Aug-07	Sep-07	4621	4075	4732	11.8%	28	29	57	16%		
	Jan-18	Mar-18	Jul-18	11130	9998	11134	10.2%	53	123	176	11%		
10-20%	Aug-18	Oct-18	Apr-19	11739	10030	11787	14.6%	59	172	231	18%	12 Times	2.8
	Jun-19	Sep-19	Nov-19	12089	10705	12101	11.4%	108	69	177	13%		
	Sep-24	Nov-24	?	26216	23533	?	10.2%	49	?	?	?		
	Feb-94	May-94	Aug-94	1349	1122	1361	16.9%	65	100	165	21%		
	Oct-99	Nov-99	Jan-00	1505	1270	1592	15.6%	18	63	81	25%		
	Feb-07	Mar-07	May-07	4224	3577	4261	15.3%	26	77	103	19%		
	Oct-21	Jun-22	Nov-22	18477	15294	18484	17.2%	242	160	402	21%		
	Jan-04	May-04	Dec-04	1982	1389	1999	29.9%	124	199	323	44%		
	May-06	Jun-06	Oct-06	3754	2633	3769	29.9%	35	138	173	43%		
	Nov-10	Dec-11	Nov-13	6312	4544	6317	28.0%	410	684	1094	39%		
	Mar-15	Feb-16	Mar-17	8996	6971	9087	22.5%	359	383	742	30%		
>20%	Apr-92	Apr-93	Feb-94	1281	600	1284	53.2%	368	287	655	114%	9 Times	3.8
	Sep-94	Dec-96	Aug-99	1385	788	1403	43.1%	814	995	1809	78%		
	Feb-00	Sep-01	Dec-03	1756	854	1756	51.4%	588	818	1406	106%		
	Jan-08	Oct-08	Nov-10	6288	2524	6312	59.9%	293	739	1032	150%		
	Jan-20	Mar-20	Nov-20	12362	7610	12461	38.4%	69	231	300	64%		
Data Source : NSE india.com.Past Performance may or may not sustain in future													

Source: ValueMetrics

Fall and Recovery of Nifty Midcap Index									
Fall						Recovery			
Correction	Date	Correction Period		Nifty Midcap 150	Correction	Recovered On	Time to recover		Return on Recovery
1	May-06	1	Months	1883	-38%	17-Jan-07	7	Months	61%
	Jun-06			1167					
2	Feb-07	1	Months	1906	-17%	22-May-07	3	Months	20%
	Mar-07			1588					
3	Jan-08	14	Months	3331	-73%	23-May-14	63	Months	276%
	Mar-09			887					
4	Aug-15	7	Months	4640	-19%	01-Jul-16	4	Months	23%
	Feb-16			3765					
5	Jan-18	27	Months	7469	-44%	01-Dec-20	8	Months	79%
	Mar-20			4166					
6	Oct-21	8	Months	12219	-22%	12-Sep-22	3	Months	28%
	Jun-22			9580					
7	24-Sep-24	2	Months	22494	-11%	???	???	Months	???
	14-Nov-24			20105					
Average Correction Period		9	Months			Average Recovery Period	15	Months	
Data Source : NSE india.com Past performance may or may not sustain in future, Period 1-Apr-2004 to 14-Nov-2024									

Data Source : NSE india.com Past performance may or may not sustain in future, Period 1-Apr-2004 to 14-Nov-2024

Source: ValueMetrics

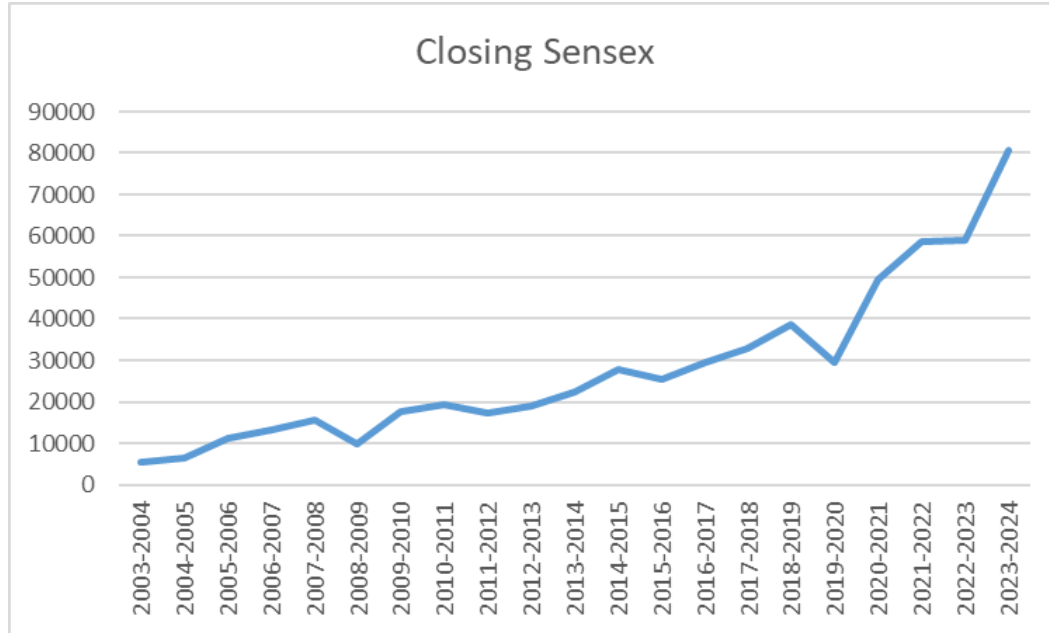
Fall and Recovery of Nifty Smallcap 250 Index												
Fall					Recovery							
Correction	Date	Correction Period		Nifty Smallcap 150	Correction	Recovered On	Time to recover		Return on Recovery			
1	19-Sep-05	1	Months	1563	-18%	03-Jan-06	2	Months	22%			
	28-Oct-05			1277								
2	10-May-06	1	Months	2095	-38%	05-Jan-07	7	Months	61%			
	14-Jun-06			1305								
3	07-Feb-07	1	Months	2223	-17%	29-May-07	3	Months	20%			
	07-Mar-07			1847								
4	02-Jan-08	14	Months	4039	-76%	09-Sep-14	67	Months	316%			
	09-Mar-09			970								
5	05-Aug-15	7	Months	4691	-24%	11-Jul-16	4	Months	31%			
	29-Feb-16			3579								
6	24-Oct-16	1	Months	5206	-16%	06-Feb-17	3	Months	19%			
	21-Nov-16			4384								
7	15-Jan-18	27	Months	7568	-61%	10-May-21	14	Months	155%			
	24-Mar-20			2967								
8	17-Jan-22	5	Months	10472	-27%	19-Jun-23	12	Months	37%			
	20-Jun-22			7657								
9	23-Sep-24	2	Months	18623	-10%	???	???	Months	???			
	13-Nov-24			16670								
Average Correction Period						7	Months		Average Recovery Period	14	Months	
Data Source : NSE india.com Past performance may or may not sustain in future, Period 1-Apr-2004 to 14-Nov-2024												

Data Source : NSE india.com Past performance may or may not sustain in future, Period 1-Apr-2004 to 14-Nov-2024

Source: ValueMetrics

Volatility is nature of market

One Of the highest outflow



Start Date	End Date	Event	F
Jan-08	Mar-09	Global Financial Crisis	
Jul-11	Oct-11	US Credit Rating Downgrade	
Jun-13	Sep-13	Taper-Tantrum	
Apr-15	Feb-16	Yuan Devaluation	
Oct-16	Jan-17	Fed Hikes / Demonetisation	
Apr-18	Nov-18	NBFC Crisis	
Jun-19	Sep-19	Slowdown	
Feb-20	Apr-20	Onset of Covid-19	
Nov-21	Jul-22	Geo-political worries	
Sep-24	Oct-24	Currently Ongoing	

Successful Investing



Mindset vs. Knowledge

Successful vs Others

Successful investors
focuses on their own
behaviour in the market



Other investors
focuses on their
market behavior.

Success Mantra



“Be greedy when others
are fearful, and be fearful
when others are greedy.”

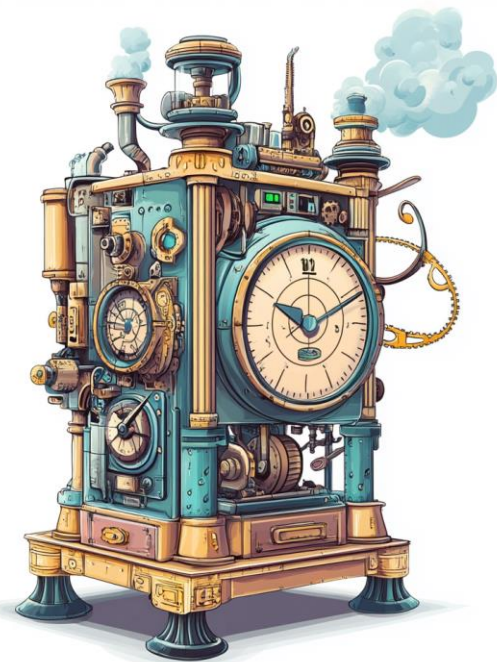
Warren Buffett

Biggest enemies of investors



Million-dollar question

- If you get a time machine to use to go back in historical market correction, will you go back and invest aggressively?
- All past corrections feels like 'lost opportunity' while during the current correction we feel 'this time it's different'



Million-dollar question

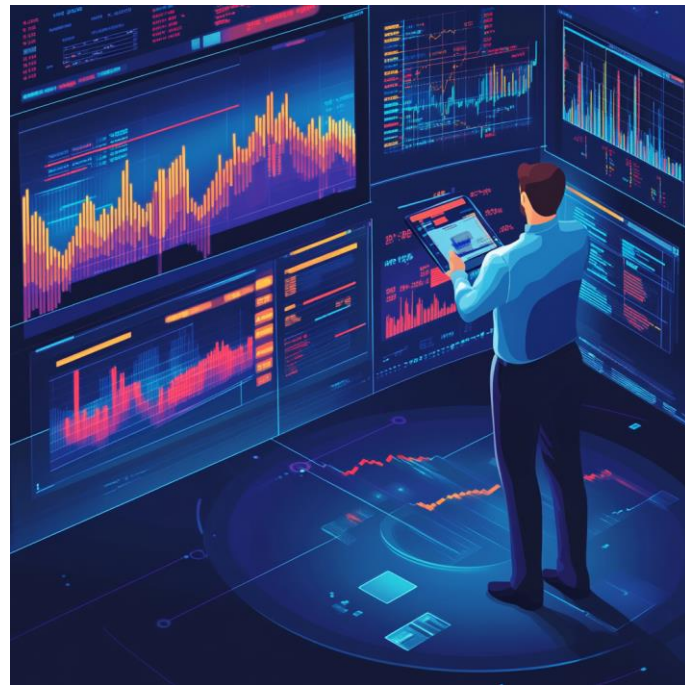


“The four most dangerous words in investing: *'This time it's different'.*”

Sir John Templeton

What affects market?

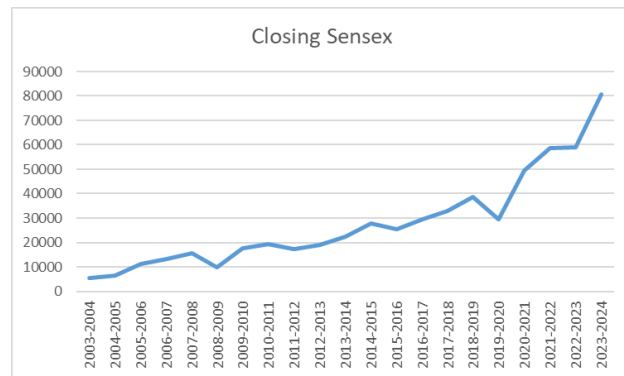
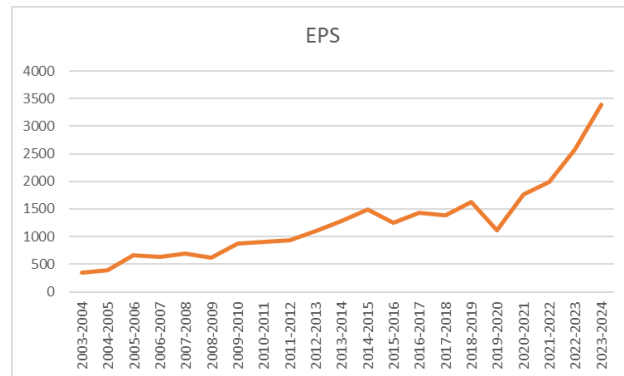
- In Short term
 - **Sentiments** (budget, election, fpi flow, monetary policy, global crisis, liquidity, etc.)
- In Long term
 - **Fundamental** (profitability and growth story of company and economy)



In long run, price follows profit

FY	Closing Sensex	EPS
2003-2004	5590.6	345.53
2004-2005	6492.82	392.08
2005-2006	11279.96	664.31
2006-2007	13072.1	630.89
2007-2008	15644.44	691.93
2008-2009	9708.5	619.96
2009-2010	17527.77	870.73
2010-2011	19445.22	900.24
2011-2012	17404.2	940.77
2012-2013	18835.77	1102.15
2013-2014	22386.27	1288.05
2014-2015	27957.49	1492.66
2015-2016	25341.86	1255.79
2016-2017	29620.5	1436.49
2017-2018	32968.68	1386.4
2018-2019	38672.91	1631.08
2019-2020	29468.49	1114.54
2020-2021	49509.15	1761.89
2021-2022	58568.51	1983.36
2022-2023	58991.52	2574.92
2023-2024	80684.45	3390.10

Source: Historical data from BSEIndia



Let's check fundamental

- Profit growth of company
 - Sales Growth + Price Growth
- Profit growth of economy
 - GDP + Inflation
- Assumed Profit growth - 12%*
(*Assumed - GDP - 7 & Inflation - 5)

Current EPS of Sensex – **Rs. 3,508**

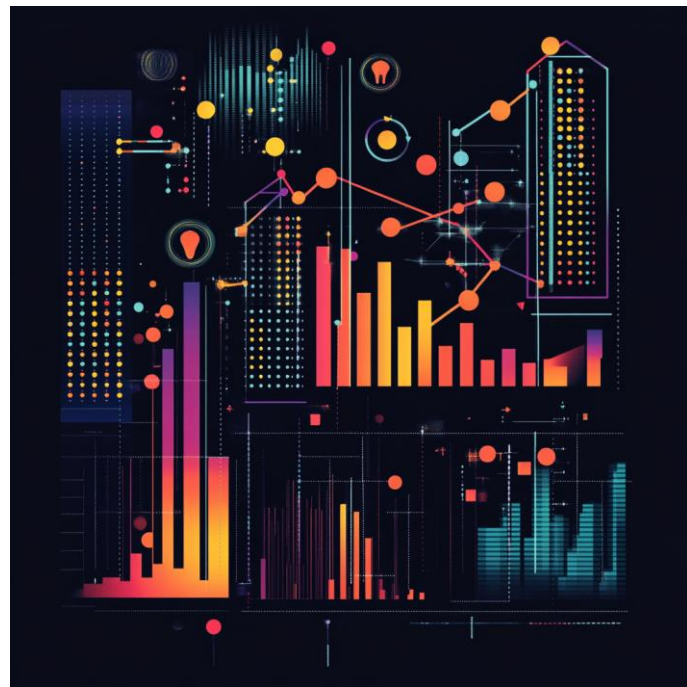
EPS of Sensex after 10 Years – **Rs. 10,895**

*This calculation is only for explanation and illustrative purposes only. Do not consider this as a prediction or advice.



Understanding sentiments

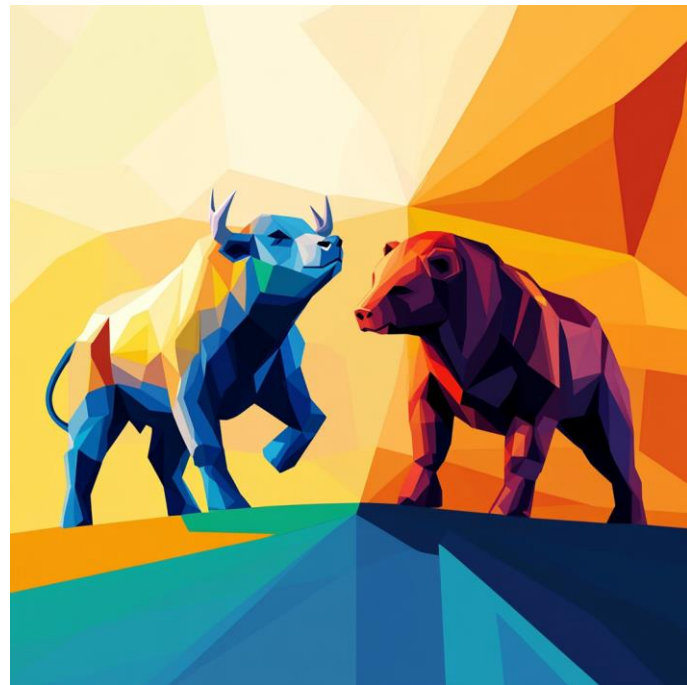
- **Definition:** The Price-to-Earnings (P/E) ratio is a valuation metric that measures a company's current share price relative to its per-share earnings.
- **Formula:** $\text{P/E Ratio} = \text{Market Price Per Share} / \text{Earnings Per Share (EPS)}$
- **Usage:** It is used to determine whether a stock market is overvalued, undervalued, or fairly valued compared to its earnings.



Different values @ different sentiments

- **Lowest PE – 15.67 times**
- **Average PE – 22.28 times**
- **Highest PE – 36.21 times**

Based on the data of historical BSE Sensex PE ratio from 1st January 2011 till 14th Feb., 2025



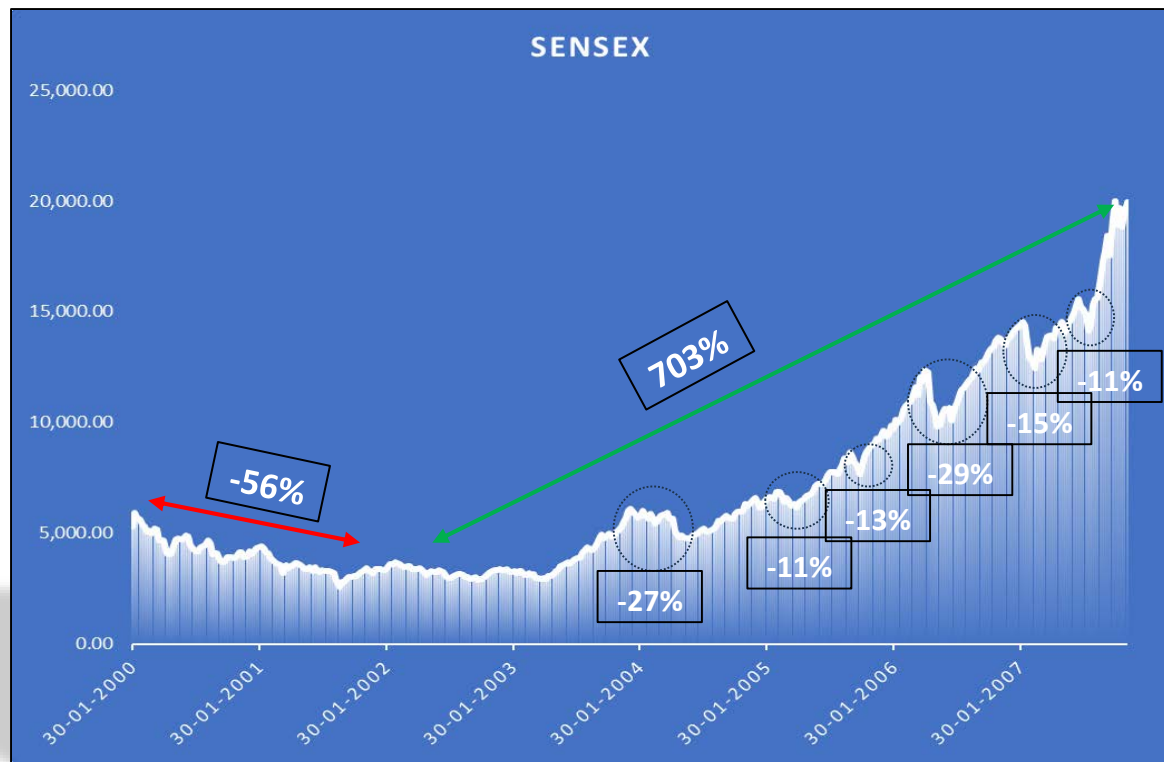
Different values @ different sentiments

Situation	PE	EPS	Sensex*
Most bearish sentiment	15.67	10895	170725
Average Sentiments	22.28	10895	242741
Most bullish sentiments	36.21	10895	394508

* Based on the data of historical BSE Sensex PE ratio from 1st January 2011 till 14th Feb., 2025. The calculation is for illustrative purposes only and not the prediction. Actual Sensex value may differ. The calculation is not to be considered as a prediction or the advice.

Lesson from History

**Correction is
temporary,
Growth is
permanent**



Mutual Fund Investments are subject to market risk, read
all scheme related documents carefully.

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