NETRA

Early Signals Through Charts

November 2026



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DSP Mutual Fund - SEBI Registration No.: 036/97/7

Emerging Market – India, The Blind Bright Spot?

DSP

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What Are We Saying?

Emerging Markets: India, The Blind Bright Spot?

1. **India's advantage is not the fastest earnings growth. It is the quality and persistence of earnings growth.** Since 2010, India delivered 9.1% EPS CAGR with only 3 down years out of 16 and 28% earnings volatility. Also, 28% of Indian companies delivered 10-year average ROEs above 20%, second only to the US.
2. Valuation still decides how much of earnings growth investors get to keep. Across the five EMs, buying in the cheapest P/E quintile produced an average 11.5% subsequent 3-year CAGR versus only 3.5% from the richest quintile. India has already de-rated substantially: post-2019 EPS compounded at 17.5%, while the index returned only 10.7%. At today's starting valuation, trend EPS growth of ~9.1% alone can support roughly 9–10% local-currency returns without requiring meaningful re-rating.
3. Do not extrapolate peak-cycle earnings. Taiwan and Korea have produced extraordinary earnings growth, but it is increasingly concentrated and cyclical. SK Hynix, TSMC and Samsung account for nearly 70% of profit growth in their respective markets. Korea's post-Covid EPS CAGR of 26% compares with only 3.1% over 2010–25. Taiwan's valuation is now near the 96th–98th percentile.
4. Great recent earnings can still produce poor prospective returns if today's price assumes they persist.

Promoter Selling: Valuation From The Other Side

1. Promoters systematically sell into strength. The median stock had rallied 39% in the 12 months before a promoter sale.
2. Promoters sell when valuations are high. They sell dear. Almost 64% of promoter sales occur in the top 40% of a stock's own historical valuation range, and 44% occur in the most expensive quintile.
3. Largest sales are followed by long period of below market returns. In the current cycle, promoter selling has been bigger than FPI equity sales and has contributed substantially to supply of equities. One reason was high valuations on offer. Valuations for a part of equity markets, large-caps, have eased substantially.
4. Promoter selling is therefore not a market-timing indicator. It is a price signal. When informed owners repeatedly choose liquidity over additional ownership, investors should at least ask whether market prices already discount too much optimism. Be particularly careful when insiders dilute in small and mid sized firms, and in novel industries, because information asymmetry and narratives can't be detrimental.

Emerging Markets – When Viewed Through The Numbers

Read the CAGR column. Trailing EPS collapsed in 2020 and rebounded in 2021, so single-year P/E swings in 2020-21 are noise.

India: EPS grew in every period since 2020, yet the multiple fell in 5 of 7. Earnings did the heavy lifting.

Korea 2026 YTD: EPS up 188% on the memory upcycle; the index rose 44% as the P/E halved. The market is treating it as a cyclical peak, but just three months ago Korea was red hot with multiples catching up and for a brief period exceeding all prior peaks. Only in the last few months has Korean equities de-rated.

Taiwan: earnings plus re-rating every year since 2023 with large benefit from the AI capex cycle.

Notable is the massive skew that three firms – SK Hynix, TSMC and Samsung Electronics have created. They account for nearly 70% of all profit growth in the whole of equity markets of their respective counties. This is the place where extrapolation errors can cost dearly. Be ware of extrapolating Korea and Taiwan earnings into the future.

Market	% YoY	CY20	CY21	CY22	CY23	CY24	CY25	2026 YTD	CAGR
Taiwan	**Index return**	**28.6**	**21.6**	**-24.7**	**26.7**	**40.9**	**30.5**	**63.0**	**24.6**
	EPS growth	13.1	69.5	11.9	-30.9	26.8	23.9	34.9	**18.3**
	P/E change	13.7	-28.3	-32.7	83.4	11.1	5.3	20.8	**5.3**
S. Korea	**Index return**	**34.0**	**-1.6**	**-26.4**	**23.9**	**-13.7**	**92.4**	**44.2**	**16.8**
	EPS growth	-23.9	113.0	-6.3	-43.3	45.7	37.1	188.1	**26.4**
	P/E change	76.1	-53.8	-21.5	118.6	-40.8	40.4	-49.9	**-7.6**
India	**Index return**	**16.8**	**27.3**	**1.6**	**20.3**	**14.3**	**8.1**	**-11.1**	**10.7**
	EPS growth	1.0	50.3	21.1	8.9	19.5	17.4	7.0	**17.5**
	P/E change	15.6	-15.3	-16.1	10.5	-4.3	-7.9	-16.9	**-5.8**
Brazil	**Index return**	**2.2**	**-18.0**	**-3.5**	**13.2**	**-16.9**	**25.1**	**4.8**	**0.0**
	EPS growth	-72.8	n.m.	9.7	-26.6	-17.2	-5.6	15.5	**7.2**
	P/E change	n.m.	-89.9	-12.1	54.2	0.3	32.5	-9.3	**-6.8**
China	**Index return**	**26.7**	**-22.4**	**-23.5**	**-13.2**	**15.7**	**28.3**	**-18.5**	**-3.4**
	EPS growth	-8.4	3.9	-22.4	7.0	10.5	7.6	-1.9	**-1.2**
	P/E change	38.3	-25.3	-1.5	-18.9	4.7	19.2	-17.0	**-2.3**

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Source: Bloomberg, DSP. Data as of 31st Oct 2026.
All figures are in local currency.

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India De-Rated Among EM Peers As Korea Taiwan Earnings Rocket Higher

From Pre-Covid to now EPS in Taiwan is 4.5x, in Korea it is 5x. India has also performed very well with EPS tripling. Yet for the last two years india has seen a de-rating. Thats because, for Korea and for Taiwan (particularly TSMC) nearly 75% of EPS gain since pre-covid occurred in last 2 years. This is sort of a positive grey swan, an event a few analyst could expect, image beforehand, but most could price it in.

Look at these numbers.

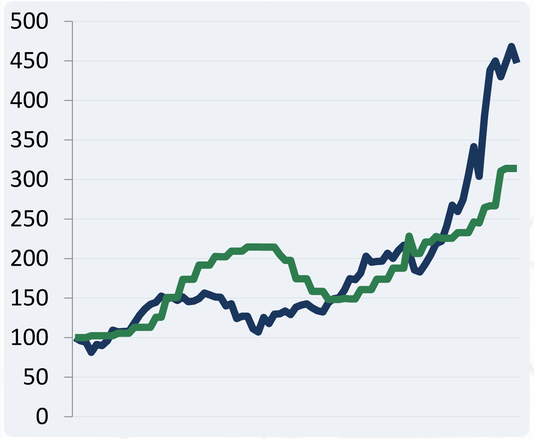
Conversion ratio = log index gain ÷ log EPS gain, since Dec-2019. It shows how much of the earnings growth reached shareholders.

Taiwan: 1.31x: EPS tripled, the index rose 4.5x. Investors paid up for AI-led earnings visibility.

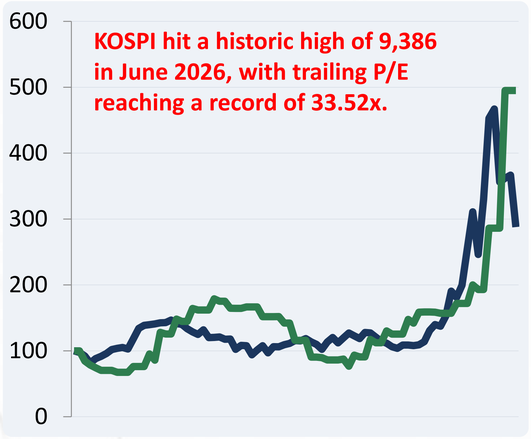
India: 0.63x, Korea 0.66x: EPS rose 3.0x and 5.0x, but the index rose only 2.0x and 2.9x. About a third of the earnings growth was absorbed by de-rating.

Brazil: ~0x: EPS +61%, index flat. Commodity earnings got no multiple. China: Earnings & Index both fell.

Taiwan conversion ratio. 1.31x



S. Korea conv. 0.66x



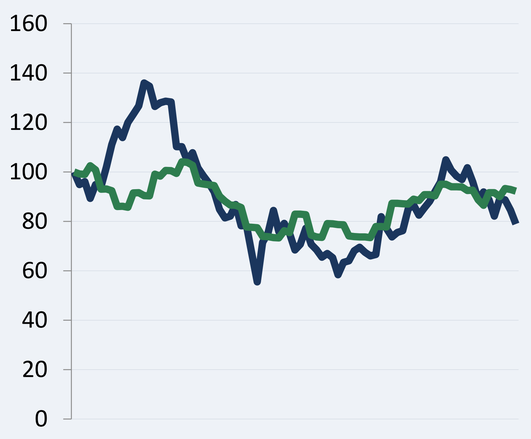
India conv. 0.63x



Brazil conv. ~0x



China conv. n.m. (EPS fell)



How to read

Monthly, rebased Dec-2019 = 100, local currency.

Index

Trailing EPS

A green line above the blue line means earnings ran ahead of price (de-rating).

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Source: Bloomberg, DSP. Data as of 31st Oct 2026
All figures are in local currency

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Remember – All Earnings Aren’t Equal

India is the only compounder among EMs. Lowest count of down years (3 of 16), highest growth after excluding Taiwan's base effect, and the best growth-to-volatility ratio among the large markets. That is why India's P/E premium survives. Investors pay for predictability. The de-rating since 2019 is a premium compressing, it has not disappeared. India’s earnings growth is STILL superior to other EMs, even after a superlative performance by Korea and Taiwan.

Taiwan's growth is real but volatile (62% vol, 5 down years). Today's P/E prices it like a steady compounder.

Korea's 2025-26 earnings are a cycle, not a trend. Over 2010-25, Korea's EPS grew 3.1% a year with 8 down years. Since Dec-2019 it has grown 26% a year, about 8x the long-run rate. The latest numbers illustrate the extremity. Samsung Electronics' Q3 operating profit is roughly 9 times its year-ago level, while SK Hynix's is more than 7 times. Such growth cannot mathematically repeat for long.

India’s widespread universe of firms with high ROEs, excellent balance sheet and less volatile earnings is and has been a keen ingredient for attracting long term investors.

CY2010-25 LCY	EPS CAGR	Median YoY	Down years (of 16)	EPS volatility	Max EPS drawdown
India	9.1%	11.6%	**3**	28%	-51%
Taiwan	6.7%	12.5%	5	62%	-39%
Brazil	3.7%	-7.6%	9	90%	-90%
S. Korea	3.1%	-0.2%	8	36%	-49%
China	1.3%	7.3%	6	17%	-33%

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Source: Bloomberg, DSP. Data as of 31st Oct 2026
All figures are in local currency

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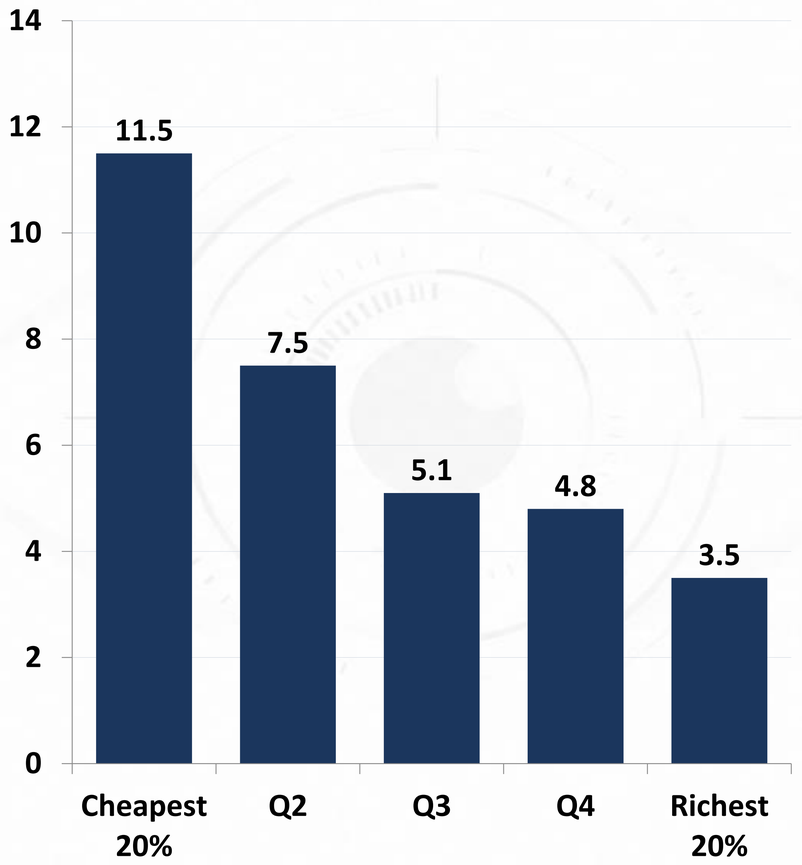
History Tells US: If You Buy Stocks When They Are Expensive, Your Future Returns May Be Low

A study Across 5 Blended Emerging Markets

Earnings set the direction of returns. Stable, stronger earnings earn higher investor returns. Starting valuation sets the size of the re-rating, which reverses reliably (correlation −0.7 to −0.8). Higher starting valuations leads to lower future returns.

India is the exception: EPS explains only 42%, and even the richest P/E quintile delivered 13.9% forward CAGR. India's premium has been sticky, not mean-reverting. That's because of re-rating, buoyant sentiment, mispricing and partially because of high quality of earnings. A part of this froth has reversed.

A lesson to learn from valuations history: Many a times, stories about new glorious future and world changing ideas will force you to think that valuations don't matter. Remember, they do. Earnings tell you how much the business grows. While valuation tells you how much of that growth the investor gets to keep.



Market	% of 5y return variation explained by earnings	Correlation: starting P/E vs P/E change over next 5y
Taiwan	79%	-0.78
S. Korea	83%	-0.69
India	**42%**	**-0.74**
Brazil	~100%*	-0.78
China	50%	-0.84
All 5 pooled	**77%**	—

Source: DSP. Data as of 31st Oct 2026, Monthly observations since 2005, 5 markets pooled (n≈1,090). Starting P/E ranked against each market's own history.
*Brazil: P/E changes have offset earnings swings, so the EPS share exceeds 100%. LCY price returns.

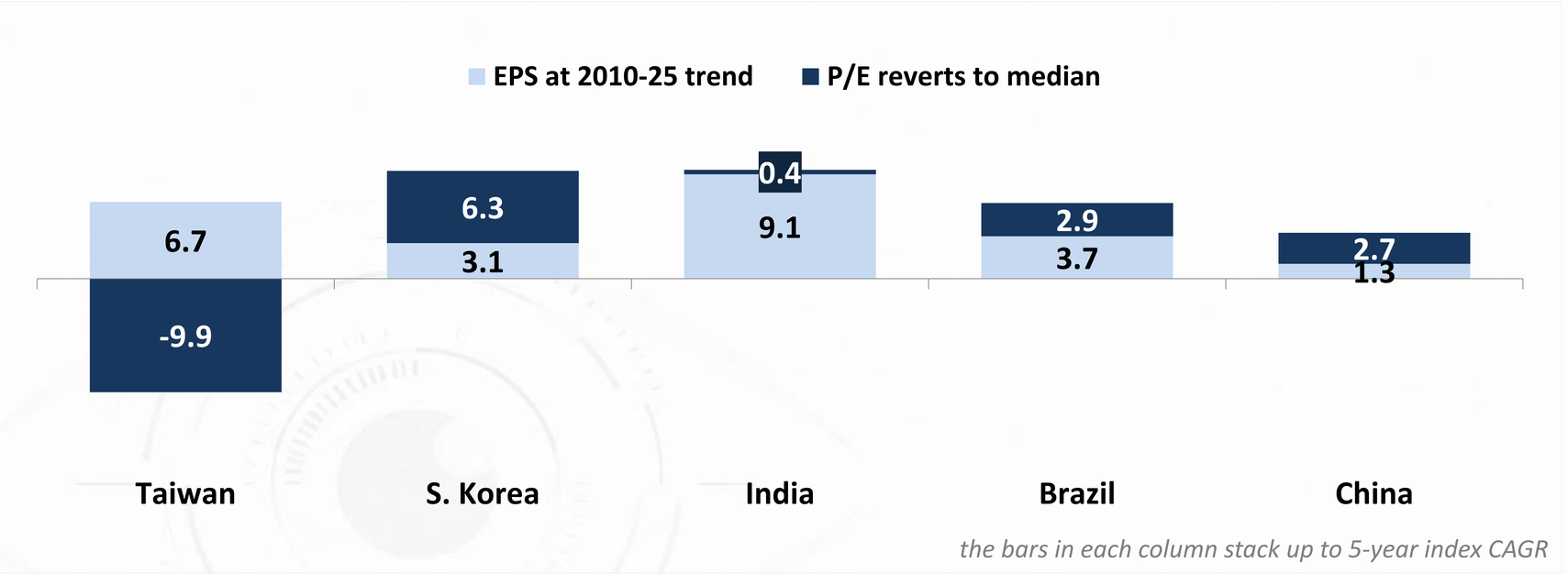
What Is Priced In: India Doesn’t Need Re-Rating To Perform

It is better not to produce or rely on a forecast but use valuations as a hurdle. If P/Es drift back to their 2005+ medians over 5 years, Taiwan needs ~11% EPS growth a year just to stay flat. It’s a tough ask given the high base it sits on, and the size of the AI CAPEX cycle that it will require to repeat it’s recent high earnings growth.

Korea's math assumes trend EPS from today's peak base. If EPS mean-reverts to its 10-year average, the return turns sharply negative.

India has already paid part of the valuation bill. Since 2019, EPS compounded at ~17.5%, while the index returned ~10.7% as P/E contracted by 13%.The hurdle ahead is lower: India needs only ~9% trend earnings growth, almost half its post-Covid pace, to deliver a similar return.

With EM India is under-owned, relatively better placed in valuations and has a lower hurdle to cross with respect to its long-term base rates.



the bars in each column stack up to 5-year index CAGR

Scenario	EPS trend	P/E drift	Implied CAGR
Taiwan	6.7	-9.9	**-3.9**
S. Korea	3.1	+6.3	**9.6**
India	9.1	+0.4	**9.5**
Brazil	3.7	+2.9	**6.7**
China	1.3	+2.7	**4.0**

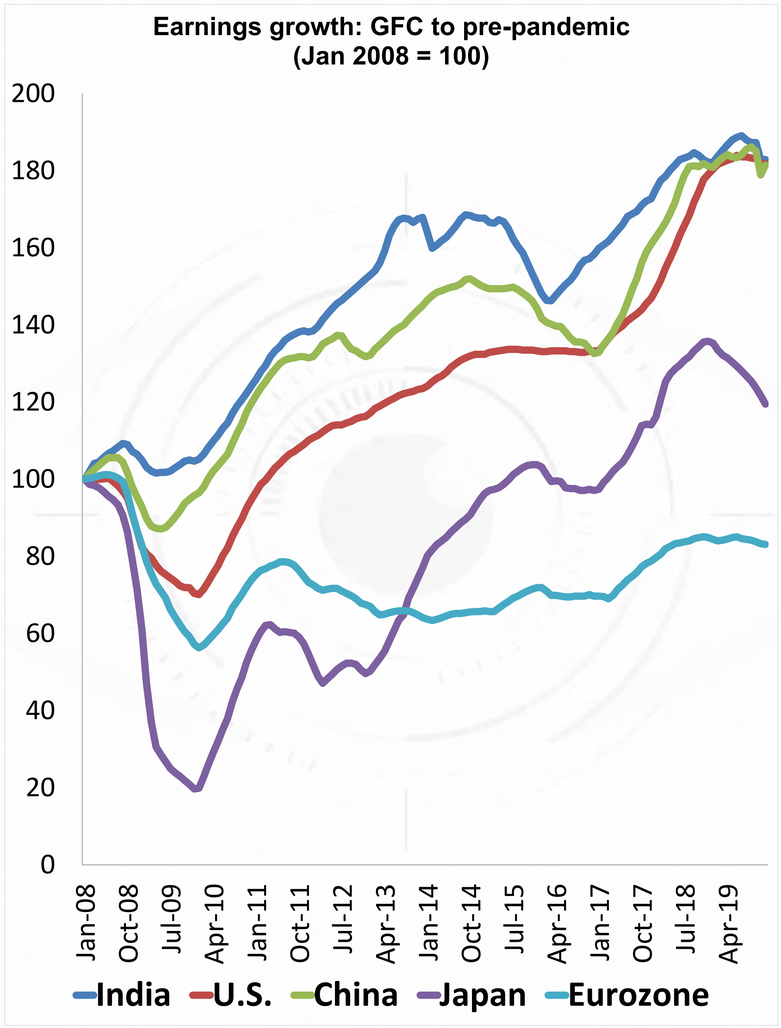
Source: Bloomberg, MSCI, DSP. Data as of 27 October 2026. MSCI country price indices; P/E = index level / trailing EPS. CAGR from 31-Dec-2019 (pre-COVID base).

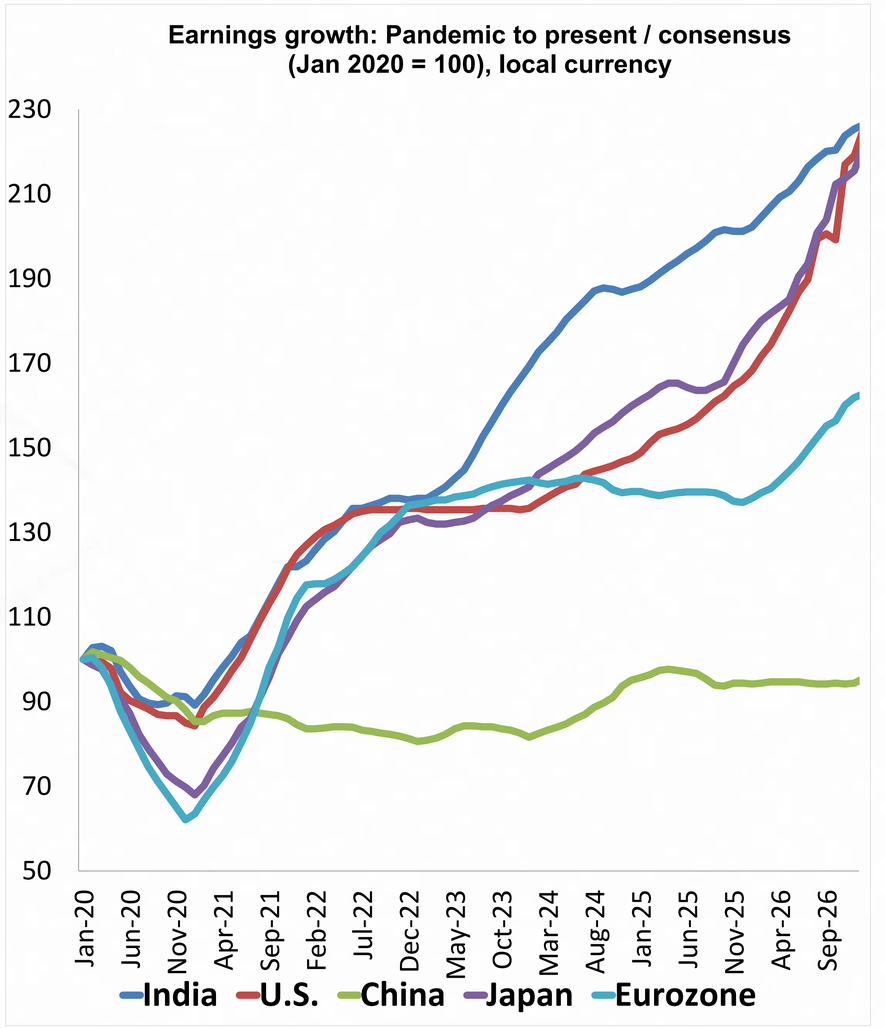
India Has Delivered One of The Best Post Pandemic Earnings Growth Despite Recent Sluggishness

India's post-pandemic earnings recovery has been exceptional. From Jan 2020 to Aug/Sep 2026, India's earnings index has risen from 100 to roughly 225, an annualised growth rate of nearly 13% in local currency. This is comparable with Japan and the U.S. at ~12–13%, far ahead of the Eurozone at ~7–8%, while China's aggregate earnings remain below their Jan 2020 level.

The acceleration is even more striking compared with the previous cycle. Between 2008 and 2019, Indian earnings compounded at only about 5–6% annually. Post-Covid, corporate restructuring, lower interest costs, cleaner balance sheets, operating leverage and higher margins helped more than double this growth rate. Listed-company ROEs have consequently risen to around 16% in FY26, versus roughly 11–12% pre-pandemic.

What makes India's performance distinctive is that it achieved this without the extraordinary AI investment cycle supporting U.S. and Asian technology earnings. Global AI investment alone is expected to exceed $1 trillion in 2026, with roughly $580 billion in the U.S.





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Source: Bloomberg, DSP. Data as of October 2026.

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India’s Growth Doesn’t Need One Segment to Excel, Just All of Them to Hold Up

Economies grow in different ways. Some grow by spending at home, others by selling abroad.

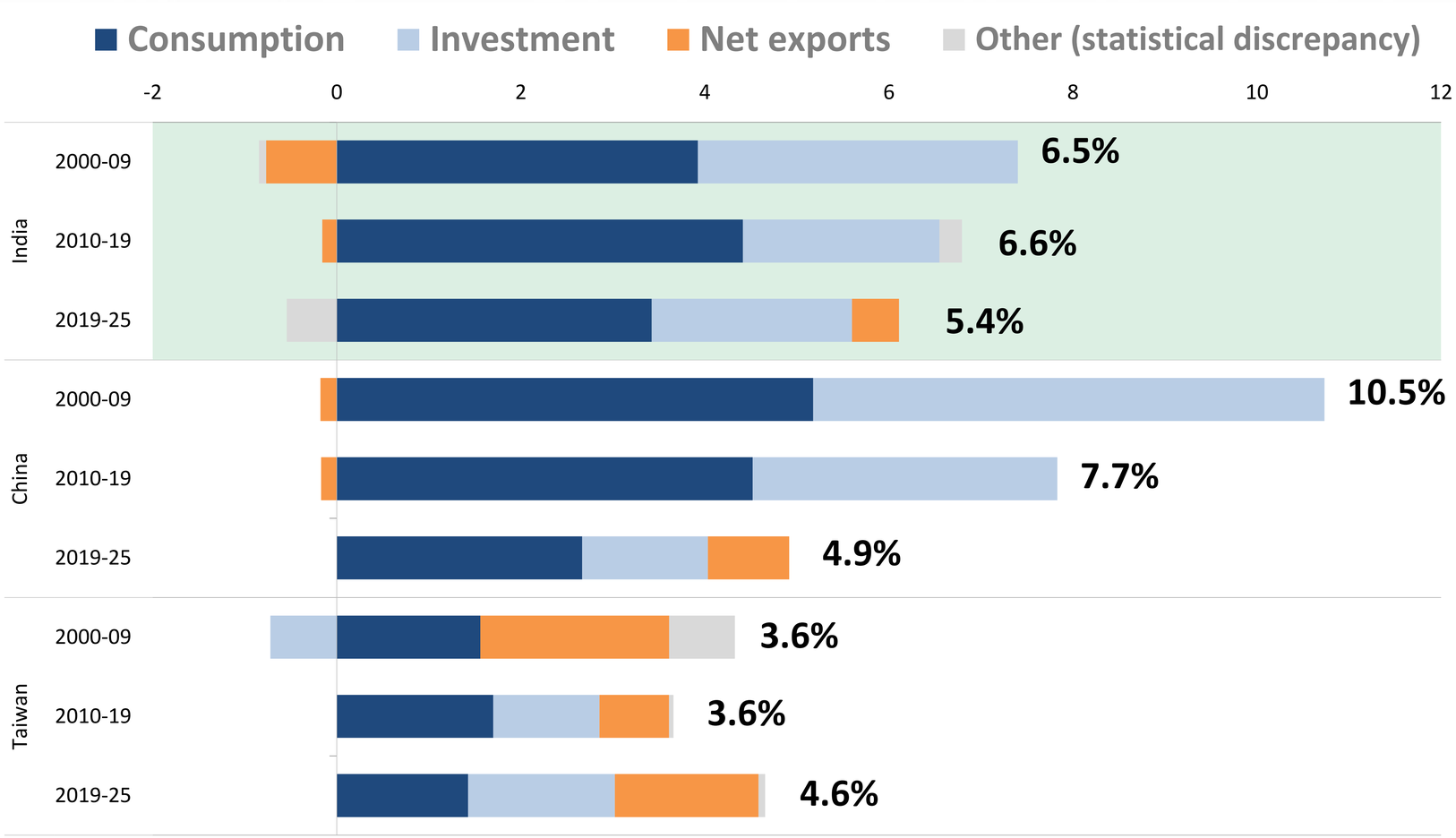
India's growth has had the same shape in every period: consumption adds 3.4 to 4.4 percentage points a year and investment 2.1 to 3.5. Growth has held at 5.4-6.6% a year.

China's growth has slowed from 10.5% to 4.9% a year as investment faded.

Taiwan's consumption adds only about 1.5 points a year; its growth leans on exports. In 2025 it grew 8.8%, and 6.4 points of that came from net exports.

India's growth engine has been the same, at about the same speed, for 25 years. It is a more consistent growth economy but has lacked flashy short-term booms. During such times India appears slow but also produces excellent investment ooprtunities.

Real GDP growth (local currency, inflation-adjusted), % a year, split by what drove it



Source: World Development Indicator, DGBAS, for Taiwan, NBS for China, DSP. Data As of Oct 2026

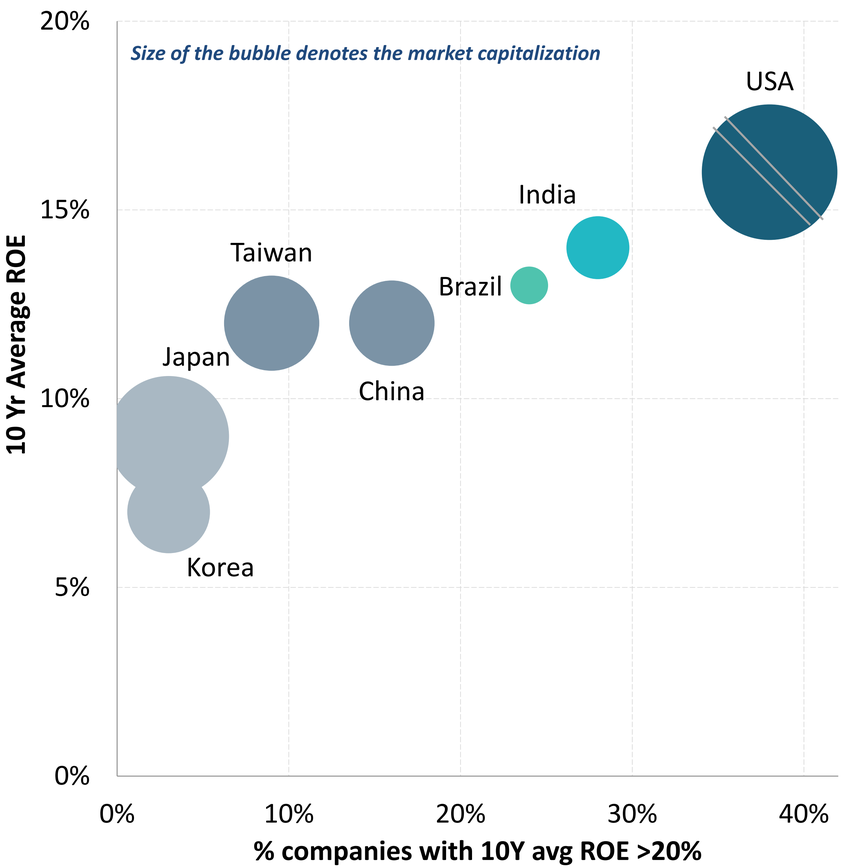
Fish Where The Fish Are – India Has A Deep Pool Of High-Return Businesses

India's long-term market outperformance is often attributed to familiar narratives such as strong domestic flows or robust GDP growth. But it is not the GDP or flows that drive equity returns over the long-term. It is the corporate profitability and cash flows that decide the winner.

Adjusting for differences in the cost of capital, India stands out among global markets. 28% of companies in the Indian universe delivered a 10-year average ROE above 20%, second only to the US among the markets shown. This tells you that equity investors have a deep pool to fish for high-quality investments in India.

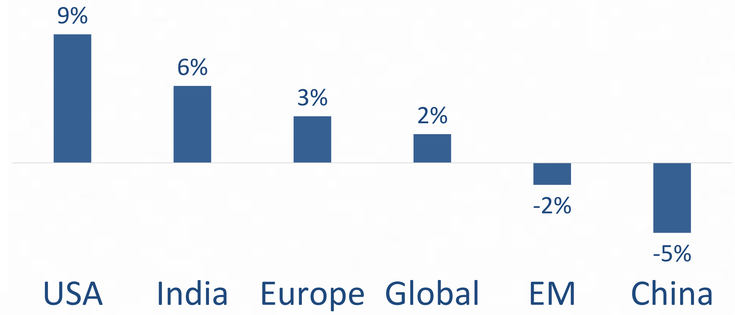
India's unusually deep pool of high-return businesses may be one structural reason its equity market has compounded differently from many peers. This underscores the enduring fundamentals, rather than popular macro narratives, are what ultimately drive long-term equity returns.

28% Of Companies In India Delivered ROE's Over 20%, Second Only To The US



Market	High-ROE Pool	10Y Avg ROE	Current ROE	P/B
USA	38.0%	16.0%	21.1%	5.73x
India	**28.0%**	**14.0%**	**13.9%**	**3.32x**
Brazil	24.0%	13.0%	18.4%	1.86x
China	16.0%	12.0%	10.4%	1.47x
Taiwan	9.0%	12.0%	18.6%	5.81x
Japan	3.0%	9.0%	9.6%	2.01x
Korea	3.0%	7.0%	15.1%	2.59x

ROE adjusted for Cost of Equity – India does better than most peers



Source: Bloomberg, DSP. Data as of Aug 2026.
The bubble size of US is not true to the scale. Indices used are respective countries major Stock market indices. For ROE adjusted for Cost of Equity; Source: Aswath Damodaran, DSP.
For this chart, ROE of the full market is considered.

Per $100 of GDP, Taiwan Exports $43 of Electronics & Machinery.

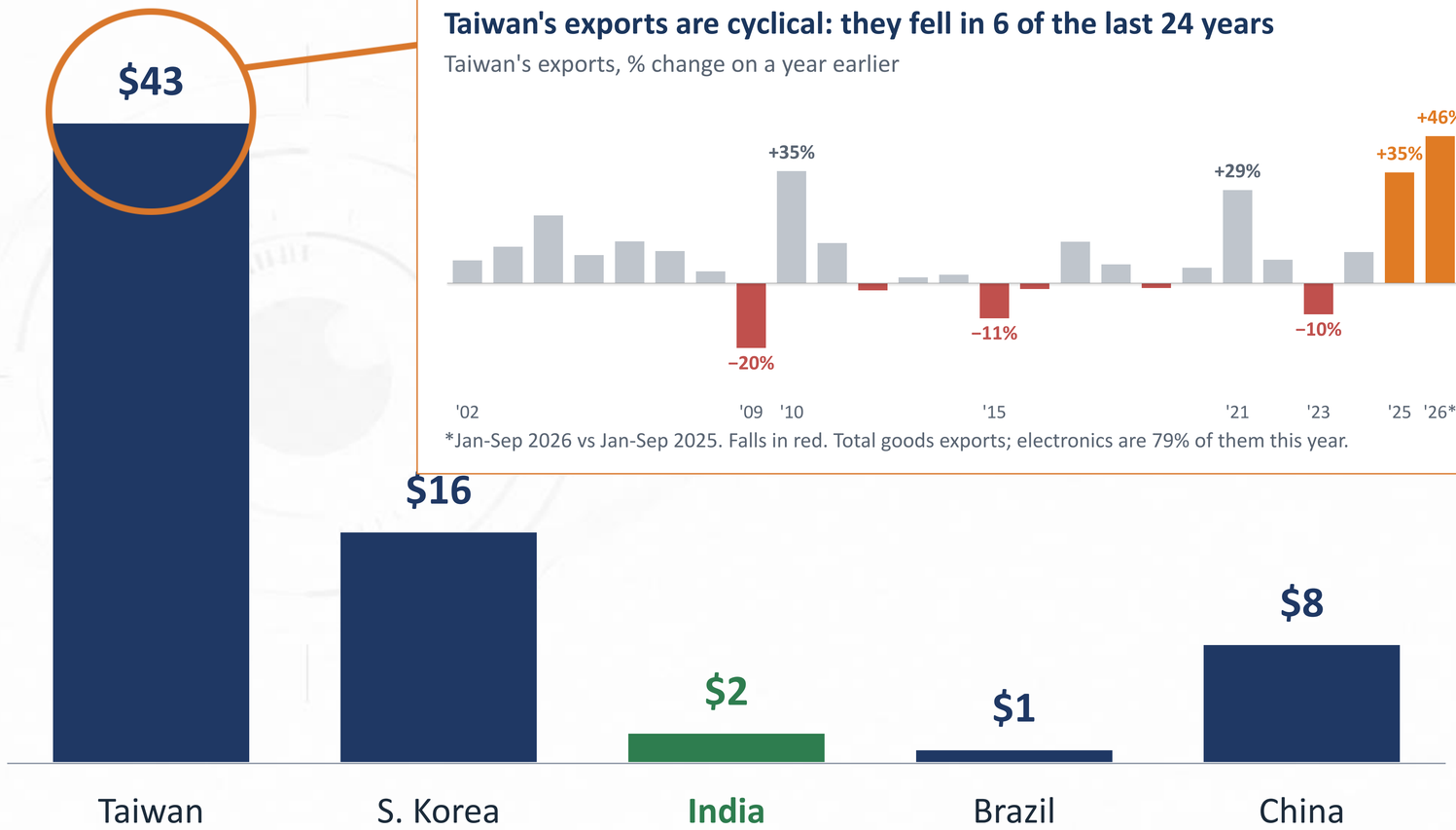
Earlier, we saw three firms account for nearly 70% of profit growth in their markets. Their economies are just as concentrated: Taiwan's machinery and electronics exports are worth $43 for every $100 of GDP. S. Korea, $16. India, $2.

It is deepening. Taiwan's exports are up 46% in Jan-Sep 2026, and electronics account for 93% of that increase. And Taiwan's exports are cyclical. They fell in 6 of the last 24 years: by 20% in 2009, 11% in 2015 and 10% in 2023.

It's not about the end of this boom. A lot is riding on it continuing for Korea and Taiwan, and we know it is cyclical. For India, far less does: all its goods exports are $12 per $100 of GDP.

Less cyclical, broad based and less volatile earnings command a premium. India has commanded premium valuations and if it can continue its consistent earnings growth, it may regain that premium

Machinery and electronics exported, per $100 of GDP, 2024 (US$)



Taiwan's exports are cyclical: they fell in 6 of the last 24 years

Taiwan's exports, % change on a year earlier

*Jan-Sep 2026 vs Jan-Sep 2025. Falls in red. Total goods exports; electronics are 79% of them this year.

Includes chips, phones, computers and servers (HS 84 and 85). Same definition and year for all five.

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Source: UN Comtrade (2024), IMF World Economic Outlook, Ministry of Finance Taiwan (exports 2002-2025; Jan-Sep 2026), DSP.

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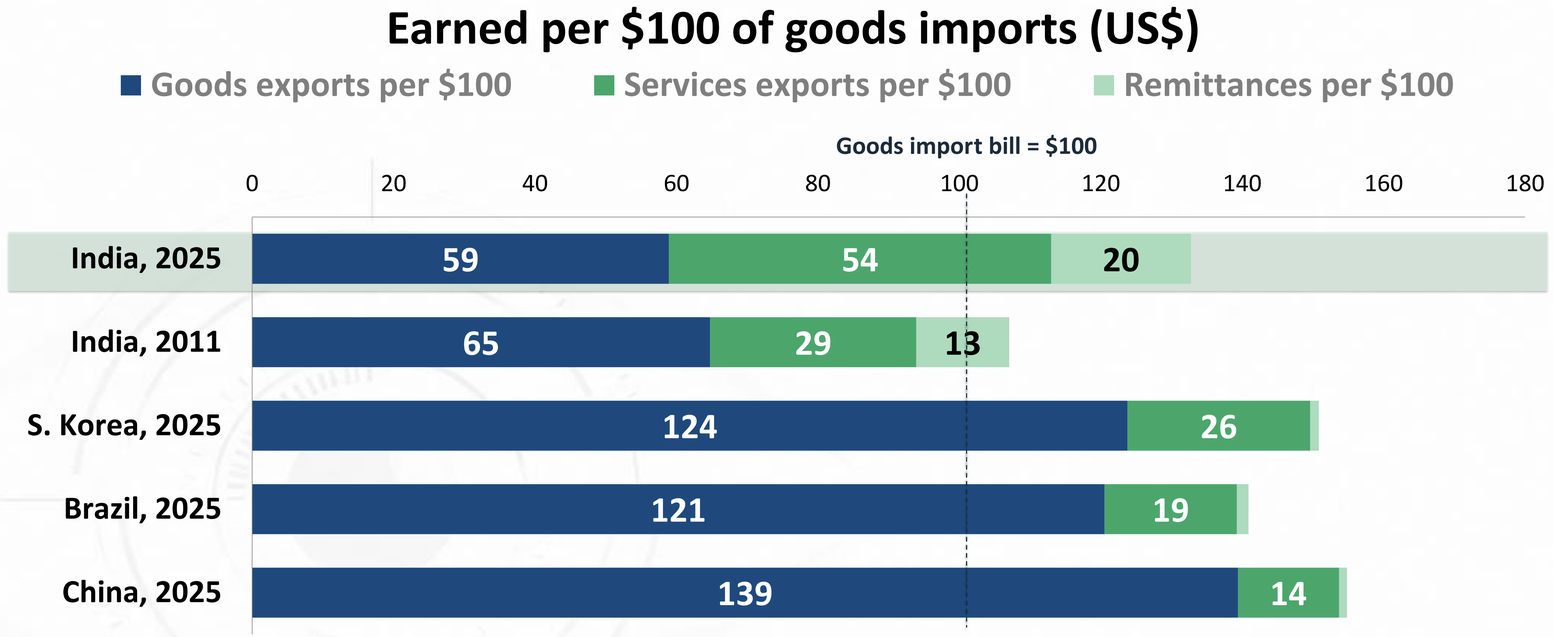
India’s External Situation Is More Diversified Than Peers

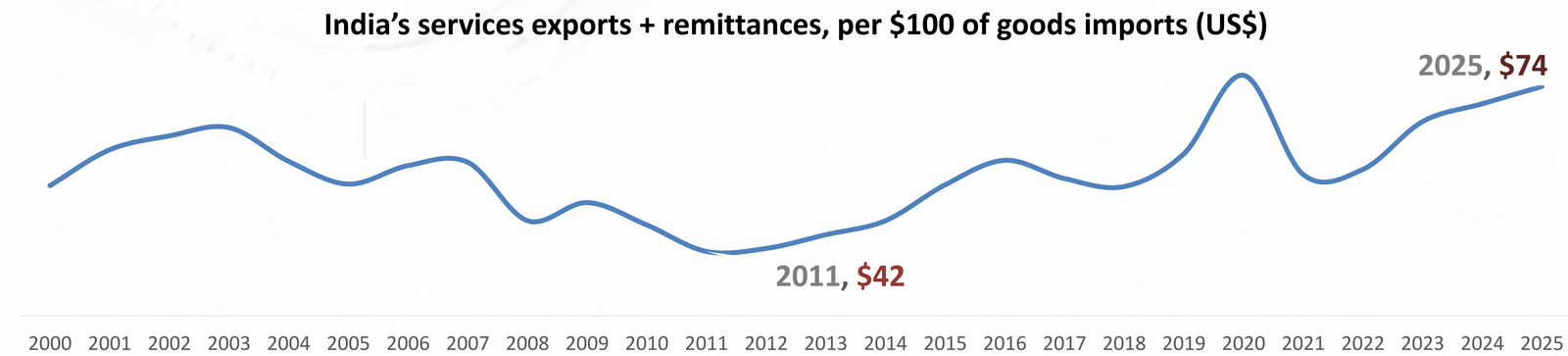
Why per $100 of goods imports?
Goods imports are the main bill an economy pays in dollars. Scaling it to $100 lets economies of very different sizes sit side by side.

Peers pay mostly with goods. For every $100 of goods imported in 2024, China exported $132 of goods, Brazil $123 and S. Korea $115. India exported $60.

India closes the gap another way: $52 from services exports and $19 sent home by Indians abroad. That buffer has grown from $42 in 2011 to $74 in 2025.

More than half of what India earns from abroad does not depend on any one product or goods cycle.





Source: World Bank (balance of payments, 2000-2025), UN Comtrade (goods exports, 2024), DSP. Data as of Oct’26.

The Rupee Falls Slowly, Swings Little, And Is Already Cheap

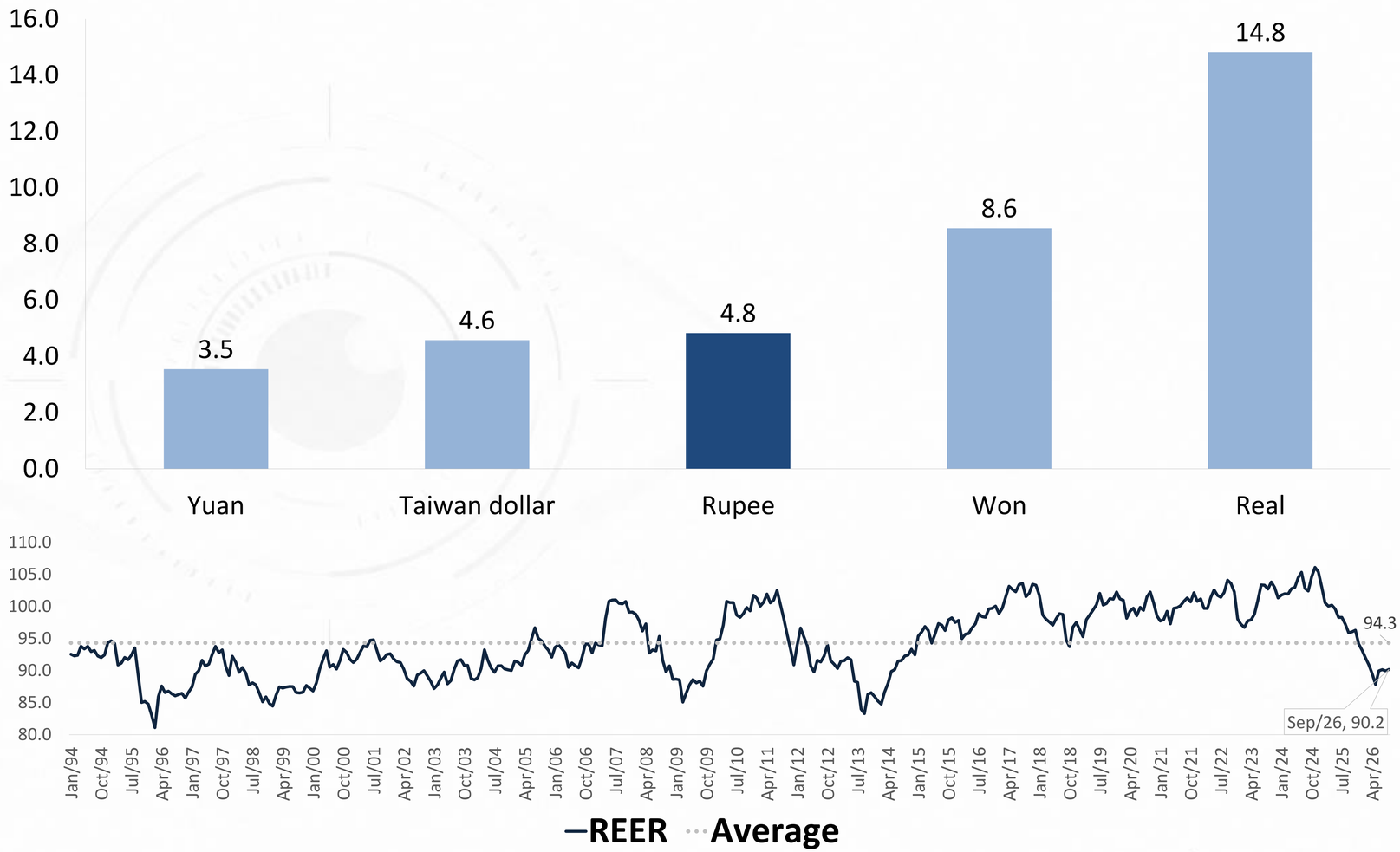
The rupee has weakened about 4.4% a year against the dollar since 2010. That is a drag for dollar investors, but it has been a slope, not a cliff.

Since 2014 it has swung about 4.8% a year: close to the Taiwan dollar (4.6%), well below the won (8.6%) and the real (14.8%). Only the managed yuan is calmer.

It is also cheap. Adjusted for inflation against trading partners, the rupee sits at 90, below its 1994-2026 average of 94, and cheaper than in three of every four months since 1994.

A currency that is already cheap and moves predictably is a cost to plan for, not a risk that breaks the case. Indian Rupee is unlikely to see the pace of depreciation that it saw in 2025 to mid of 2026. This will give better visibility on investment returns to foreign investors.

How much each currency moves against the US$ in a typical year (avg. 2014-2026)



Source: BIS, DSP, Bloomberg Data as of Oct 2026

Own Earnings Compounders, Fade Peak-Cycle Re-ratings

Taiwan

Expensive and priced for perfection

EPS +18% p.a. is real, but P/E is in the 96th-98th percentile. Returns now depend on AI earnings beating a ~10% p.a. valuation hurdle.

S. Korea

Peak-cycle earnings, deceptively cheap

Trailing 9.5x on EPS 4x its 10y average. History after EPS spikes: below-average returns. Watch memory pricing.

India

Premium compressing, compounding intact

Most consistent EPS (3 down years in 16). P/E near its own median; trend EPS alone supports ~9-10% LCY. Rupee remains the USD drag (~4% p.a.), but with REER close to 90, this appears priced in.

Brazil & China

Cheap, but no earnings engine

Cheap on both measures, but EPS has grown 1-4% a year since 2010. Cheap can stay cheap without an earnings catalyst.

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Source: Bloomberg, MSCI, DSP. Data as of 27 October 2026. MSCI country price indices; P/E = index level / trailing EPS. CAGR from 31-Dec-2019 (pre-COVID base).

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Valuations From The Other Side – Promoter Selling

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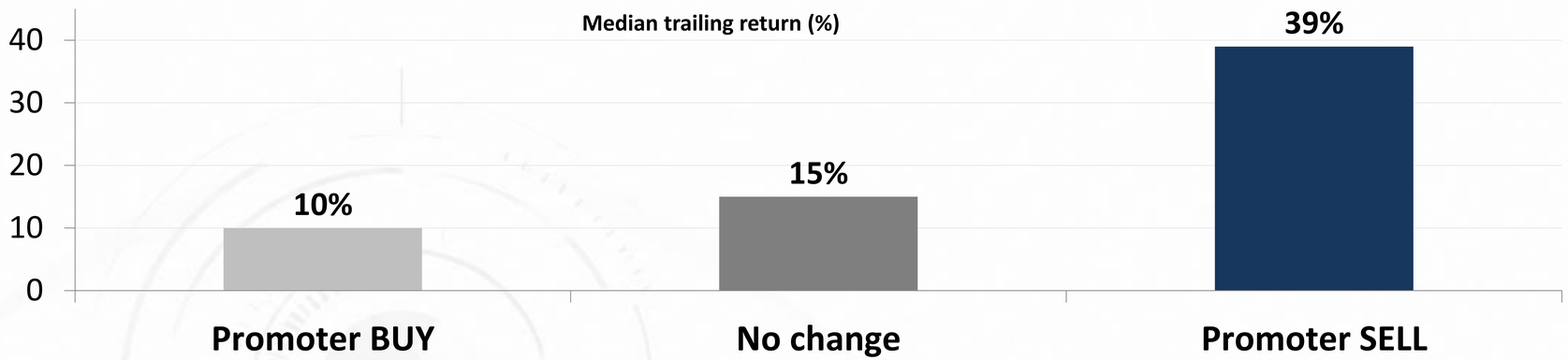
Promoters Sell Into Strength, And The Stocks Lag Afterwards

Promoters sell into strength, when markets and stock prices are buoyant.

A 25-year event study of promoter actions, valuation and subsequent stock outcomes we found that promoters sell after a median rally of 39% in the preceding 12 month. While promoter purchases happen at about 10% run up in preceding 12 months. For context, the long-term base rate for Nifty 500 Index is close to 12.5% CAGR, which means promoters sell when returns are running hot. They sell into strength.

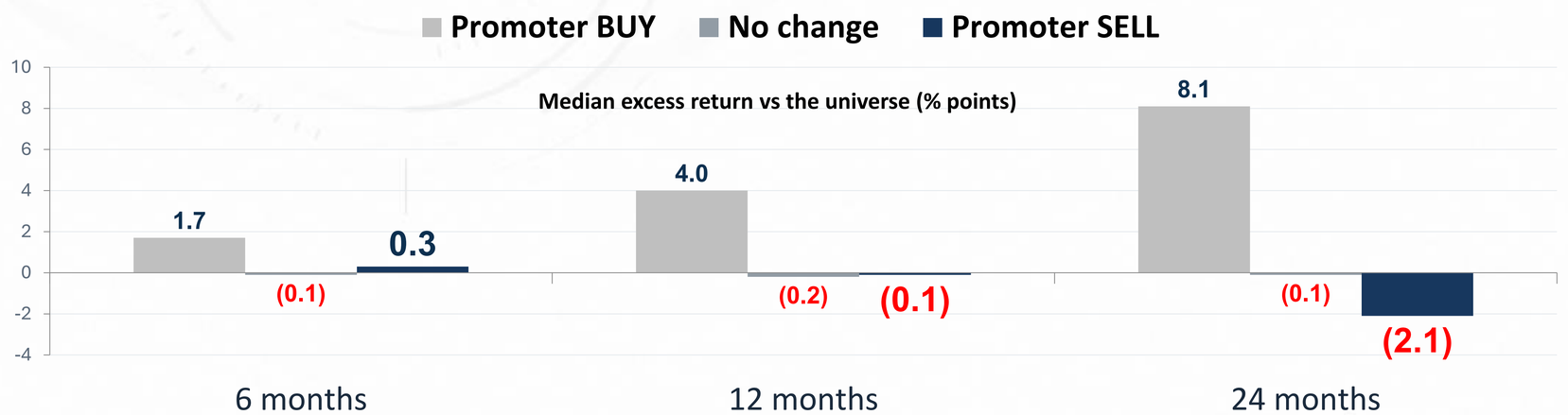
Over the next 24 months, promoter buys outperform the universe by +8.1 points; sales lag by −2.1 points. This means promoter sales have historically led to massive price lags and on occasion price collapse as well.

12-month return BEFORE promoter action



Promoter sell / buy: *a quarter in which the promoter group's shareholding falls or rises by at least 0.25 percentage points.*

Subsequent return AFTER promoter action



Source: DSP analysis of promoter-holding, market-cap and valuation data; ~750 Indian listed companies, quarterly, Dec-2000 to Sep-2026. Events: 3,184 promoter sells, 2,647 buys, 37,262 no-change quarters. Returns are proxied by market-cap change, so share issuance and buybacks affect them. All figures are medians. Excess return = stock return minus the universe median over the same window. The 24-month figures exclude events from the last 24 months, whose forward window is not yet complete. Past patterns are associations, not causal or predictive. Data as of 31-Oct-2026.

Promoters Sell Dear, And Investor Returns Fade Away

Promoters sell dear.

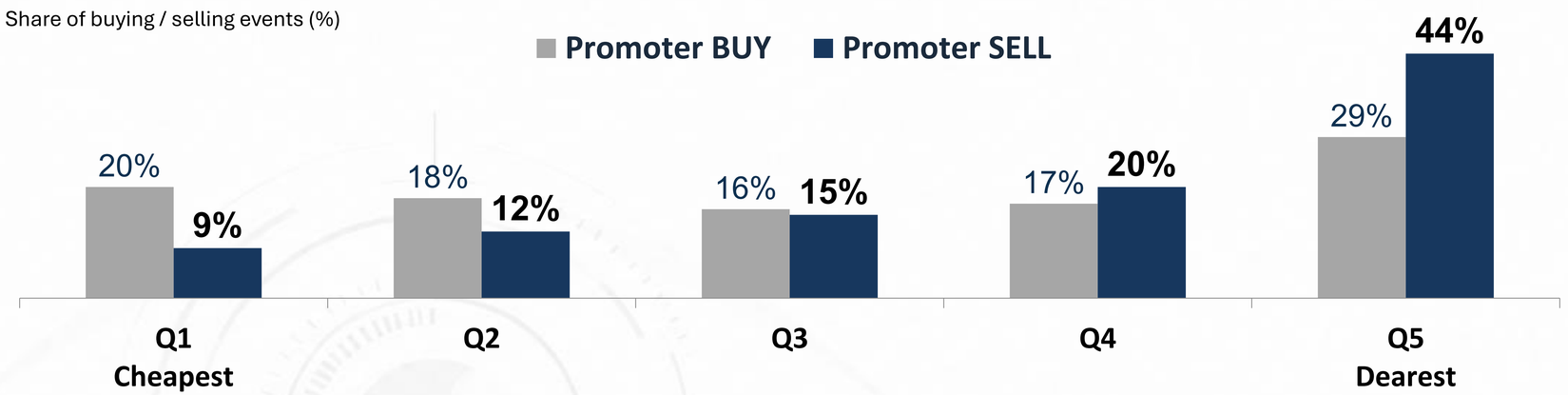
Nearly 64% of promoter sales occur in the top 40% of own-history P/E, of which nearly 44% promoter sales occur in the top P/E quintile (see graph in top panel).

Stocks where promoters bought in the cheapest quintile beat the universe by 31.4 points over 24 months.

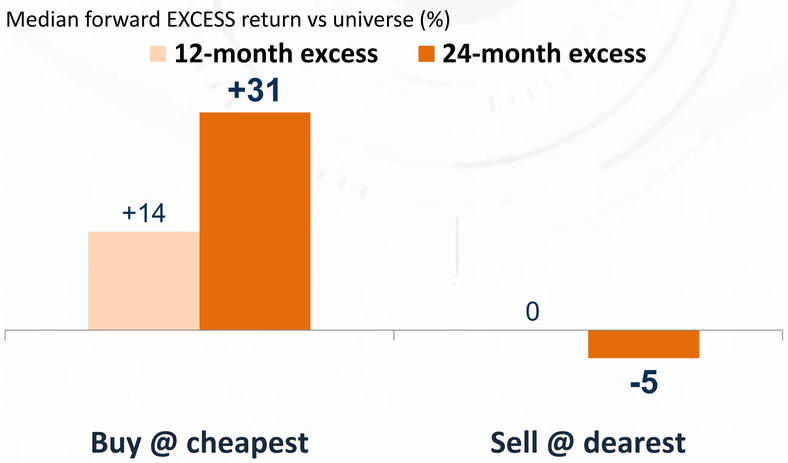
And when they sell, the 24-month excess return after selling in the dearest P/E quintile is -5.3%. In other words, the stock languish without giving any excess returns to shareholders.

A promoter selling a 15% ROE business at 50x earnings may be telling us something very different from a promoter selling the same business at 15x. When expectations become more valuable than the underlying economics, insiders have an incentive to sell them.

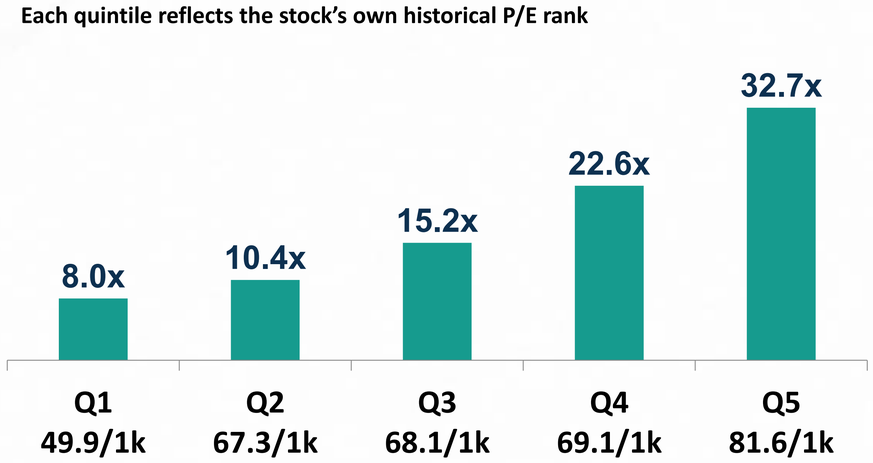
Promoter activity by own-history P/E quintile



Valuation conditions the outcome



Median TTM P/E at sale quarter



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Source: DSP. Data as of 31st Oct 2026, Own-history P/E percentile = the stock's trailing-12-month P/E (positive values only) ranked against its own history since listing.
Sell = quarterly stake reduction of at least 0.25pp; intensity = sell events per 1,000 valid company-quarters
At least 8 quarters of history are required, and only data available at the time is used. Loss-making quarters are excluded.

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Promoters Sell More Frequently, When Markets Rally

We analyzed 3,184 sell events across ~750 Indian listed companies (2001–2026).

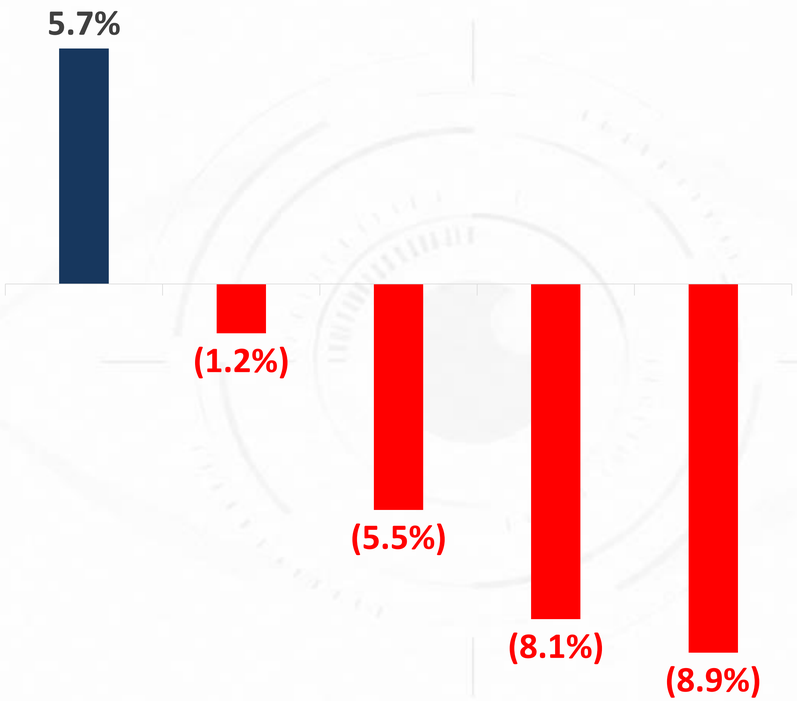
After a promoter stake cut larger than 5 percentage points the subsequent 24-month excess returns is -8.9% point. This means the median underperformance is extraordinarily large when stake cut is bigger than 5%.

The sales intensity (sell events per 1,000 valid company-quarters) is also the highest when trailing market returns are the strongest. There are 102 per 1000 promoter sells in quarters following the strongest 12-month market rallies. These numbers mean ~10% of company-quarters (102 per 1,000) saw a promoter sale after the strongest market rallies.

Periods of optimism, when recent market returns are high, are the specific periods then insiders (promoters) are more likely to sell. It is also a time when most other investors are buying, a lot.

Median 24-month Excess Return By Sale Size

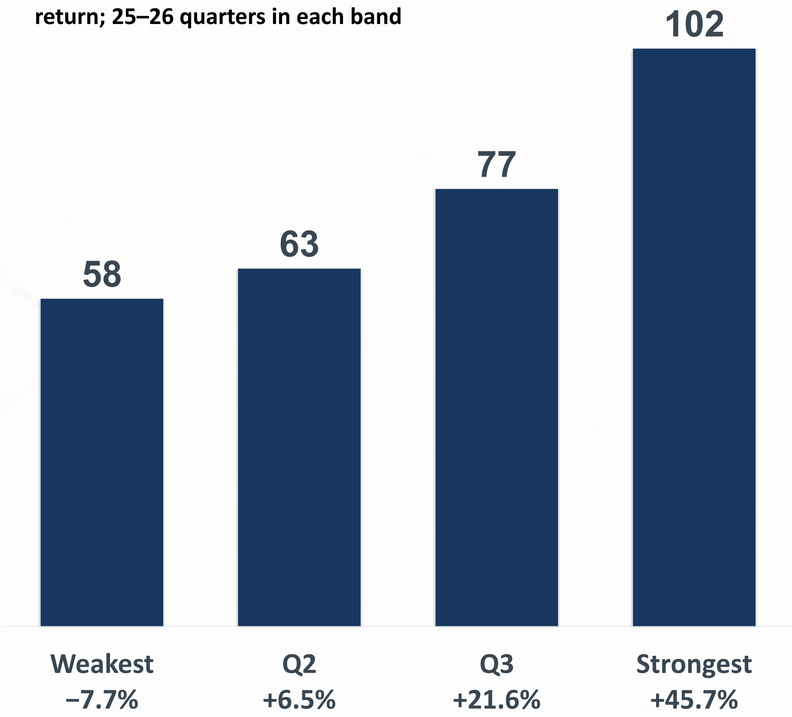
Promoter stake reduction (percentage points per quarter)



Routine trims precede gains; larger stake reductions precede deeper relative losses.

Promoter Sale-event Intensity Rises With Trailing Market Returns

Quarters sorted by preceding 12-month Nifty 500 TRI return; 25–26 quarters in each band



Underperformance in the market is associated with fewer promoter sales — not an absence of sales.

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Source: DSP. Data as of 31st Oct 2026, Sell = quarterly stake reduction of at least 0.25pp; intensity = sell events per 1,000 valid company-quarters.
Market-rally quartiles: quarters sorted by the trailing 12-month Nifty 500 TRI return, 25–26 quarters per band. Size bands use the absolute stake cut in the event quarter.

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Large-Cap Promoter Sales Carry the Strongest Warning

Large caps lagged by −14.7 points over 24 months after a promoter sale (764 events), with only 39.8% beating the market. Small and mid caps (SMIDs) beat it by +2.9 (2,420 events, 51.4%).

The starting point was nearly identical in both groups:

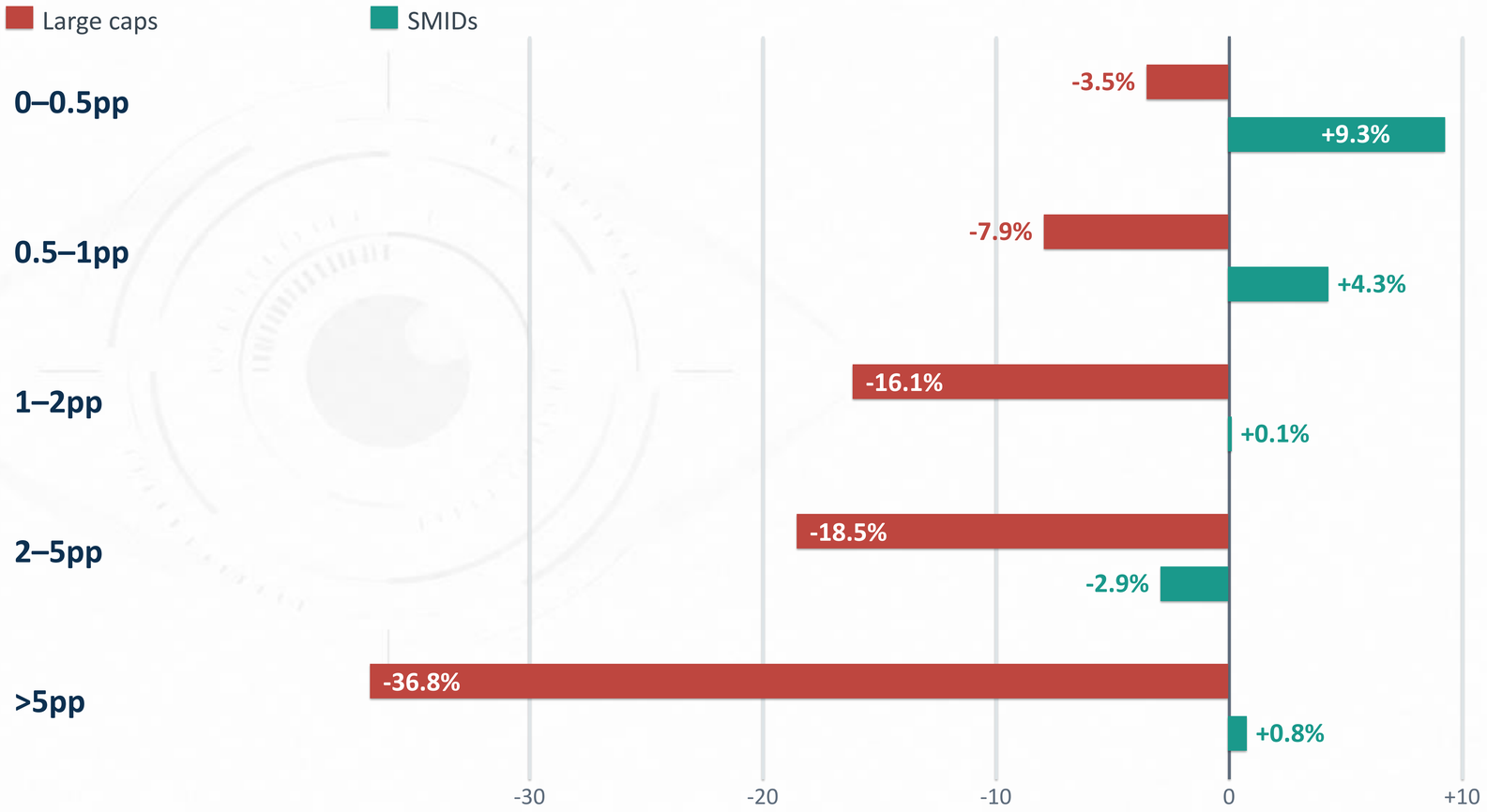
- pre-sale rally: +37.7% vs +39.1%
- P/E percentile at sale: 72nd vs 76th
- share of sales in the dearest quintile: about 33% in each

In large caps, losses deepen steadily with sale size: −3.5, −7.9, −16.1, −18.5, −36.8. Cuts over 5pp (81 events) are the weakest group in the study.

SMIDs show almost no pattern by sale size (+9.3 to −2.9). Part of their positive result likely reflects the long small- and mid-cap bull run.

Sale size and capitalisation change the signal

Median 24M excess return (%) by quarterly stake-cut band



The largest large-cap stake reductions coincide with the deepest subsequent underperformance.

Source: DSP. Data as of 31st Oct 2026, 24M median excess MCap returns in % points; Large = quarterly MCap ranks 1–100; SMID = rank >100, within each quarter (mirrors the AMFI top-100 convention) Events per cell, Large / SMID: 167/524, 134/415, 172/420, 210/665, 81/396.

Promoter Selling Has Been Bigger Than FPI Equity Sales

There has been a humongous $48.7 Bn equity/hybrid mutual-fund inflows over the past 12 months, but it has been mostly countered by estimated promoter supply of $42.7bn over the same period ended September 2026.

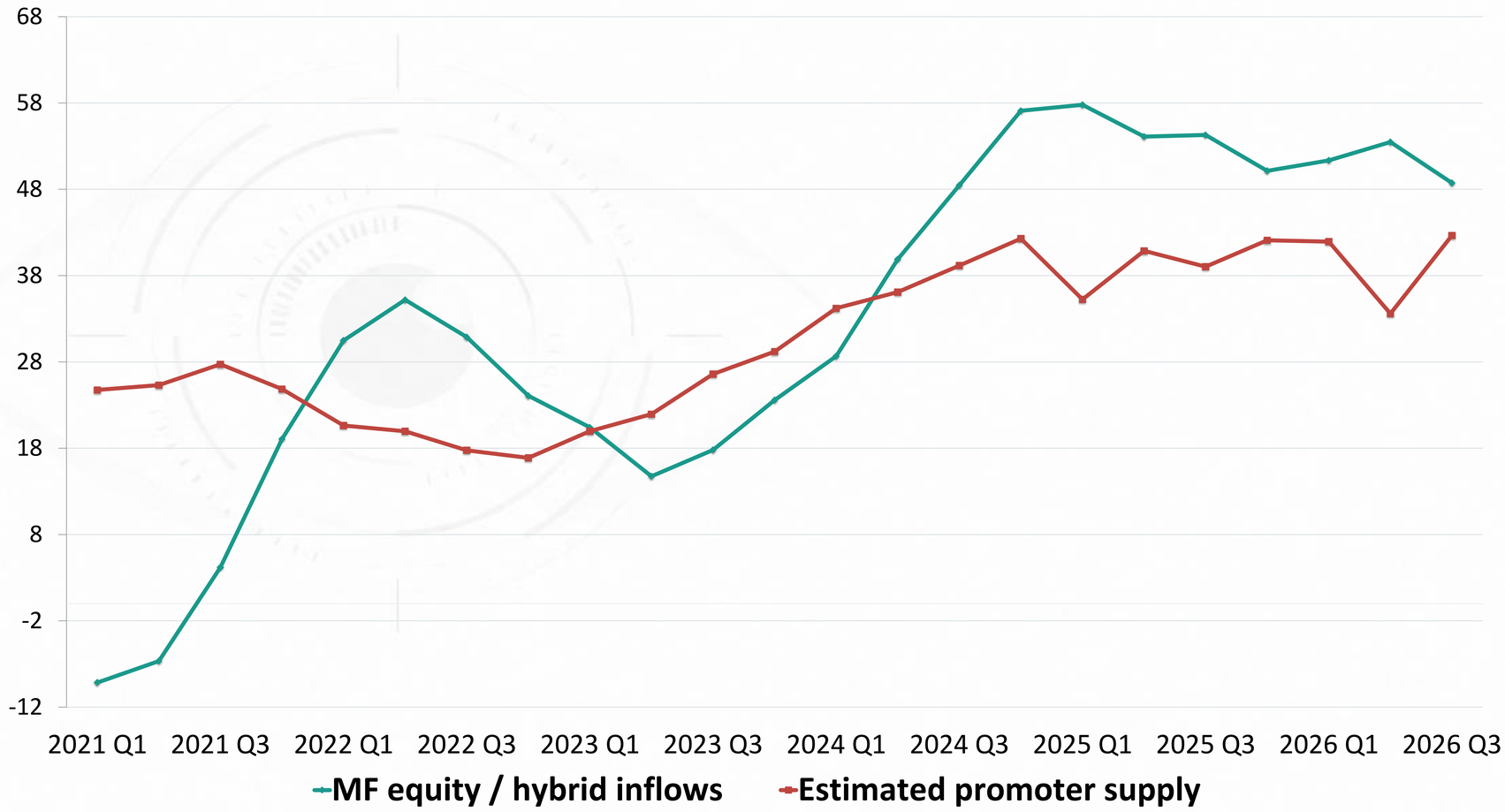
This also coincided with FPI net sales of Indian equity of about $32 Bn over the same period.

This means that during the last 12 months, promoter sales has been a bigger drag on markets than even FPI equity sales. This is important because FPI equity sales during this period has been one of the highest on record since FPI equity flow data keeping began.

One of the key drivers of this type of promoter sales is the exit that markets provided, for instance, price to earnings multiple of 40 times or higher for businesses with low double-digit ROEs. Who wouldn't sell?

Trailing 12-month cash flow: MF inflows versus promoter supply

US$ bn; quarter-end observations from monthly series



Source: Nuvama Research, DSP. Data as of 31st Oct 2026, MF flows: AMFI, equity + hybrid net inflows, trailing 12 months, converted to US$ at the monthly average INR rate. FPI flows: NSDL, equity, secondary market. Estimated promoter supply = quarter-on-quarter change in promoter stake × previous quarter-end market cap (DSP method). This captures dilution from share issuance as well as sales, so it overstates cash selling.

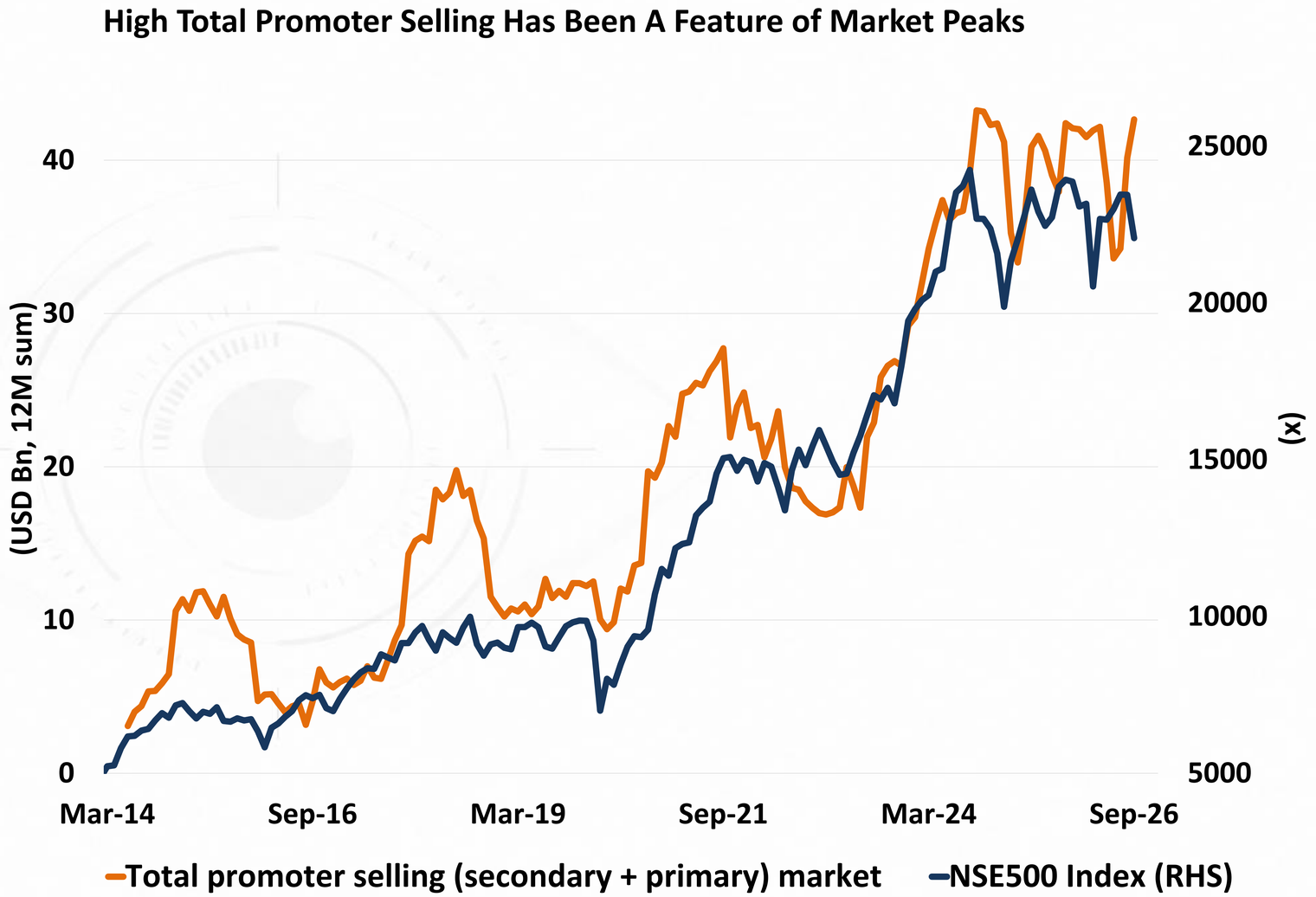
High Prices, Attract High Promoter Sales Which Pressures The Market

The 12-month sum of promoter selling across primary and secondary markets is now close to US$43bn. This is near the highest level in the series. The previous major waves peaked at roughly US$12bn in 2015, US$20bn in 2018 and US$28bn in 2021. In absolute terms, the current run-rate is around 3.5x the 2015 peak and more than 1.5x the 2021 peak.

The behaviour underneath the number is equally striking. In 2025 alone, promoters sold about ₹1.38 lakh crore through secondary-market transactions, while promoter buying was only about ₹2,300 crore. That is roughly ₹60 of selling for every ₹1 of buying.

Historically, promoter selling accelerated when market prices gave insiders an attractive opportunity to monetise. The 2015, 2018 and 2021 surges all coincided with periods of elevated market optimism. The current cycle is unusual because promoter supply remains close to record levels even after a meaningful market correction.

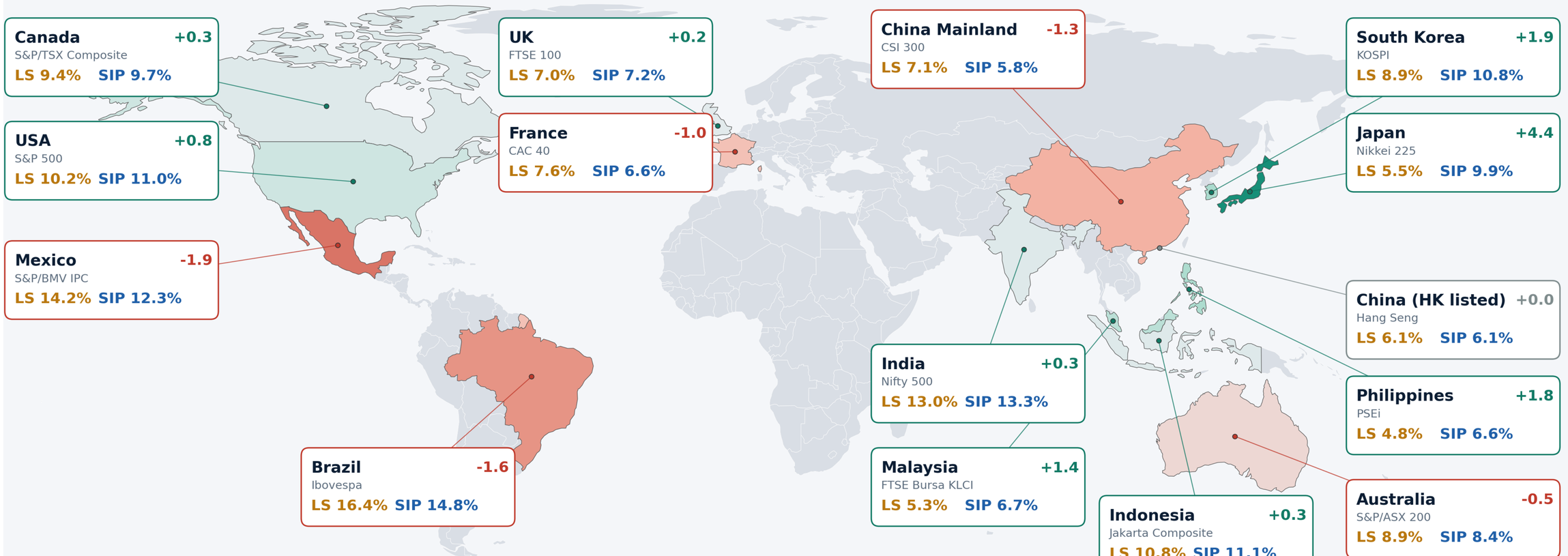
Promoter selling is therefore not a market-timing indicator. It is a price signal. When informed owners repeatedly choose liquidity over additional ownership, investors should at least ask whether market prices already discount too much optimism.



Source: Nuvama Research, DSP. Data as of 31st Oct 2026

Lump-sum vs SIP: 30 years of equity investing across the world

Estimated total-return (TRI) lump-sum CAGR vs SIP IRR, local currency | Country shading = SIP advantage (SIP IRR − Lump-sum CAGR, % pts)



LS = Lump-sum TRI CAGR SIP = SIP TRI IRR ± = SIP minus Lump-sum

Top performers: Brazil (16.4% LS), Mexico (14.2%), India (13.3% SIP – the only top-3 market where SIP beat lump-sum). Biggest SIP edge: Japan (+4.4 pts).

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Note: Estimated TRI figures are modelled using a constant long-run gross dividend yield; they are not official provider TRI histories. PRI inputs are from the prior 30-year October study; SIP TRI is a yield-adjusted IRR approximation.
Map is illustrative; India's external boundaries depicted as per Survey of India. Hong Kong shown as a point (part of China). Source: DSP analysis.

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