



SHIFTING DYNAMICS OF EQUITY MARKET

The rise of DIs as dominant shareholders in equity market captures a structural change, but FPIs matter

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Mumbai, 7 May

In a significant shift, domestic institutional investors (DIIs), primarily mutual funds and insurance companies, have surpassed foreign portfolio investors (FPIs) as dominant shareholders in India's equity market. According to Prime Database, DIIs held a 17.62 per cent stake in companies listed on the National Stock Exchange (NSE), edging out FPIs at 17.22 per cent, as of March 2025. This is the first time DIIs have overtaken FPIs since tracking began in 2009, with the value of DII holdings reaching ₹71.76 trillion, 2 per cent higher than that of FPIs.

A decade ago, FPIs dominated with lead of over 10 percentage points. DII holdings were worth half of FPIs at that point.

This transformation signals a structural change in India's capital markets, driven by a surge in domestic retail participation — both via direct equity investing and through the mutual fund systematic investment plan (SIP) route. But what does this mean for markets, how does it compare globally, and do FPIs still matter?

More resilient market

The rise of DIIs as the largest non-promoter shareholder category has fundamentally altered the dynamics of India's equity markets. "Indians are putting money in equities—something that they never used to earlier... Because of that, DIIs are getting money, and they are investing," says Jyotvardhan Jaipuria, founder and managing director of Valentis Advisors. This influx, fuelled by retail investors channelling savings into mutual funds via SIPs (systematic investment plans), has made domestic money a stabilising force. Unlike FPIs, whose capital flows are often volatile, domestic funds are "stickier," as Jaipuria notes, remaining invested through market cycles.

This stability was evident in recent months. "In the last six months, FPIs have sold quite a lot in the market, but the market fall was not very sharp, unlike in 2008," Jaipuria explains.

In October 2024, DIIs absorbed over ₹1 trillion in FPI selling, preventing a market rout, according to Trivish D, chief operating officer of Tradejini. The contrast with past crises, like the 2008 Lehman collapse when FPI selling triggered a sharp Sensex decline, is stark. "In reality, this is a domestic retail investor boom because the retail investor money is powering the DIIs," says Chokkalingam G, founder of Equinomics. The result is a market less prone to panic-driven crashes.

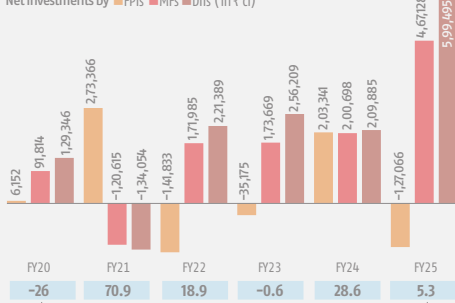
The growing influence of DIIs, alongside retail and high-net-worth individuals (HNIs), who collectively hold 27.1 per cent of the market as of March 2025, has reduced the market's dependence on foreign capital.

"For years, FPIs have been the largest non-promoter shareholder category with their investment decisions having a huge bearing on the overall direction of the market. This is no longer the case," says Pranav Haldea, managing director of Prime Database Group. Domestic mutual funds, in particular, have hit a milestone, with their ownership reaching 10.35 per cent in the March quarter, a double-digit figure for the first time.

Global context: A unique position India's shift toward domestic investor dominance sets it apart from many emerging markets, where FPIs often hold sway. "In the last two decades or more, FPIs have pressed the sell button in all emerging markets, including India.

EBB AND FLOW

Markets have docked strong gains since FY22 despite record selloff by FPIs
Net investments by FPIs MFs DIIs (in ₹ cr)

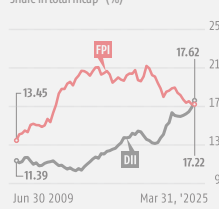


Source: NSDL, Sebi, Bloomberg

Compiled by BS Research Bureau

DOMESTIC FORCE

The value of DII holdings at one point was half that of FPIs
Share in total mcap (%)



Source: NSDL, Sebi, Bloomberg; Compiled by BS Research

whenever there was a crisis globally," points out Ambareesh Baliga, an independent equity analyst. In contrast, India's DII-led market is increasingly insulated from global shocks. "This pole position of DIIs makes our markets safer as they are backed by SIP flows, which are continuous and long-term in nature, unlike the fickle-minded FPIs," Baliga adds.

Globally, markets like the US or Japan also benefit from strong domestic participation, but India's trajectory is unique due to its demographic and economic profile. "DII ownership will rise from here on as we have a young population, and they will continue to convert their savings into equities," notes an industry expert. With India's economy projected to grow at 5-6 per cent annually, rising incomes and financial literacy are driving more savings into equities. This contrasts with other emerging markets, where domestic institutional frameworks may be less developed, leaving them more exposed to FPI outflows.

However, India's high valuations have occasionally deterred FPIs. "Because India has become expensive, we have seen sales in India," Jaipuria observes. Yet, India remains a bright spot globally. "FPIs can turn buyers in the future because they always look for stable and growing economies, and India is undoubtedly the buy spot," Baliga says. India's relative attractiveness is enhanced by global trade dynamics, particularly if US tariffs target export-oriented economies like China. "If tariffs are high against China and other export-oriented economies, then India can gain an

edge, as India is largely unaffected by US trade policy," an expert suggests.

The Enduring Importance of FPIs Despite the uptick shown by DIIs, FPIs remain critical. "FPIs are still important because they hold a significant number of shares in the market," Jaipuria emphasises. Their 17.22 per cent stake, while slightly below DIIs', represents substantial capital. FPIs also bring liquidity, global expertise, and signals of confidence to international investors. "If foreign investors were to buy significantly, that could be a catalyst for markets as it would have two strong buyers," said the expert quoted earlier.

FPIs' role is particularly relevant in the short term, as they are currently underweight in India.

"In the short term, FPI ownership will rise as India is looking relatively attractive now," Jaipuria predicts. However, their participation hinges on valuations and global factors, such as US trade policies. A favourable tariff environment could spark FPI inflows, potentially leading to "a shortage of paper and major bullishness," as Baliga suggests.

Yet, the long-term trend suggests further dominance by DIIs. "In the long run, DII ownership will go up as more domestic savings get channelised into equities," Jaipuria explains. The steady rise in SIPs, which have forced mutual funds to deploy capital, underscores this shift. "DIIs overtaking FPIs was bound to happen at some time as the SIPs were shooting up," Baliga notes. This domestic resilience reduces the market's vulnerability to FPI exits, a recurring challenge in past global crises.

Looking ahead

Domestic household flows through SIP and the Employees' Provident Fund Organisation (EPFO) routes could be upwards of ₹3 trillion a year into equities each fiscal year, according to analysts. This has already been playing out in recent years. In FY25, the net DII flows stood at almost ₹6 trillion, while in the preceding three financial years it was upwards of ₹2 trillion. Overseas funds have been net sellers during three out of the previous four financial years. During the just-concluded FY25, overseas funds pulled out nearly ₹1.3 trillion. Despite that, the benchmark Nifty managed to eke out a gain of over 5 per cent.

Indeed, the interplay between domestic and foreign capital will shape India's equity markets. But for now, DIIs are firmly in the driver's seat, steering the market toward a more resilient future.

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TENDER NOTICE

Bank of Baroda, Facilities Management Department, invites bids for Supply, Installation, Testing and Commissioning of Active LED video wall along with allied accessories at Bank's Treasury Department, BKC, Mumbai through GeM portal. Details are available under Tender Section of Bank's website www.bankofbaroda.in

Any Addendum/Corrigendum including modification in the bid shall be notified only on Bank's official website. Bidders should refer the same before submission of their Bids.

Last date of submission of online bids: **21.05.2025 up to 15:00 hrs.**

Place: Mumbai
Date: 08.05.2025

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NOTICE FOR TENDER

Bank of Baroda, Head Office, Baroda invites technical and financial bids through Government e-Marketplace (GeM) Portal from General Insurance Companies to renew the following two Insurance policies for the period from 01.06.2025 to 31.05.2026: -

1. Fire, Burglary and Electronic Equipment Insurance Policy for the period of One Year i.e. from 01.06.2025 to 31.05.2026
2. Locker Insurance Policy for the period for One Year i.e. 01.06.2025 to 31.05.2026

Detailed tender documents are available in the Tenders section on Bank's website: www.bankofbaroda.in

Any Addendum/Corrigendum including modification in the tender documents shall be notified only on the Bank's website: www.bankofbaroda.in

Last date for submission of Tenders through GeM portal is **27.05.2025 up to 11.00 AM**

Place: Vadodra
Date: 06.05.2025

**General Manager (Operations & Services)
Head Office, Baroda**

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Extract of Audited Consolidated Financial Results for the quarter and year ended 31st March, 2025

Particulars	Quarter ended			Year ended	
	31.03.2025 (Audited)	31.03.2024 (Audited)	31.12.2024 (Unaudited)	31.03.2025 (Audited)	31.03.2024 (Audited)
Total Income	4847.25	4257.30	3164.16	15737.25	12734.47
Profit from operations before share of profit of joint ventures and associates and tax	375.14	212.40	223.05	1316.75	624.41
Share of profit / (loss) of joint ventures and associates	(31.97)	(38.32)	(32.42)	(126.61)	(138.61)
Profit before tax	343.17	174.08	190.63	1190.75	485.80
Net Profit for the period	235.69	110.64	130.76	834.28	248.11
Total Comprehensive Income for the period	158.03	166.82	70.13	868.08	503.15
Paid up equity share capital (Face value ₹ 1/- each)	33.08	33.08	33.08	33.08	33.08
Earnings per share (* not annualised)					
Basic and diluted (₹)	*7.28	*3.52	*3.99	25.43	7.62

Notes:

1. These results have been reviewed by the Board Audit Committee at its Meeting held on 5th May, 2025 and approved by the Board of Directors at its Meeting held on 7th May, 2025.
2. Information on Standalone Financial Results:

Particulars	Quarter ended			Year ended	
	31.03.2025 (Audited)	31.03.2024 (Audited)	31.12.2024 (Unaudited)	31.03.2025 (Audited)	31.03.2024 (Audited)
Total Income	3723.57	3121.31	2098.20	11696.13	8987.76
Profit before tax	300.93	232.36	146.25	1035.75	758.20
Net Profit for the period	220.50	190.31	108.34	776.76	604.26

3. The Group had through its Qatar Branch entered into a sub-contract along with a consortium partner with a Main Contractor in the year 2010. The Main Contract between the Ultimate Client and the Main Contractor was terminated by the Ultimate Client closer to the completion of the contract in 2014 citing delays and defects in execution and initiated arbitration proceedings against the Main Contractor for which the final award is pending. Accordingly, the Group had made a comprehensive assessment of the losses arising on account of such termination of the Main contract and cessation of work and accounted for all probable losses on the sub-contract in the earlier years. The Group had issued bank guarantees amounting to ₹ 390 crores (QAR 166.6 million) to the Main Contractor which have been disclosed as a contingent liability over the years. In June 2025, the Group was intimated of a request received by the Bank from the Main Contractor for encashment of the said bank guarantees, which due to certain deficiencies was not paid by the Bank to the Main Contractor which led to commencement of legal proceedings. The matter is currently sub-judice and the proceedings are currently ongoing between the Main contractor, the Group and the Bank. As the latest development, all the parties including the Group have filed their appeals with the Court of Appeal (Qatar) which has remanded the case matter back to the Court appointed experts to review the objections raised by the respective parties including the bank. The bank guarantee continues to remain unencashed. The Group continues to re-assess its liability under the sub contract at each reporting date and based on such assessment and legal advice obtained from independent counsel, it is confident that it has good grounds to defend any claims that may arise. Accordingly, no further provision has been considered in the financial results. The Group has taken all necessary steps, including legal remedies to safeguard and defend itself and is closely monitoring the developments as they may arise.

4. a. During the year, Voltas Limited executed the Share Purchase Agreements with Universal MEP Projects Pte Limited (UMPEL), a step-down subsidiary of Voltas Limited, for transfer of the Company's investments in its overseas subsidiaries - Weathermaker FZE (Weathermaker) (100%) UAE, Saudi Ennas Company for Engineering Services W.L.L.C. (Saudi Ennas), Kingdom of Saudi Arabia (92%) and Lalubux Voltas Engineering Services & Trading L.L.C. (Lalubux), Sultanate of Oman (20%) and transfer of shares has been completed. Subsequent to the transfer of these investments, the economic interest of the Voltas Limited in the subsidiary companies so transferred continues to remain intact.

- b. The Board of Directors of Voltas Limited at its Meeting held on 13th March, 2025, approved transfer of overseas branches of Voltas Limited at Dubai and Abu Dhabi in UAE to Universal MEP Contracting L.L.C. (UMCL), Dubai, UAE, a step-down subsidiary of Voltas Limited on a slump sale basis through Business Transfer Agreements ("BTAs") to be executed between Voltas Limited and UMCL on or before 30th June, 2025. The transaction is expected to be consummated by 30th September, 2025 or such other date as mutually agreed between the Voltas Limited and UMCL.

5. Figures of the quarter ended 31st March, 2025 and 31st March, 2024 are the balancing figures between audited figures in respect of the full financial year and the year to date figures upto the third quarter of the relevant financial year which were subjected to limited review by Auditors.
6. The Board of Directors have recommended a dividend of ₹ 7/- per share of ₹ 1/- each (700%) for the year 2024-25.
7. The above is an extract of the detailed format of the standalone and consolidated Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The results for quarter and year ended 31st March, 2025 are available on the Company's website at https://www.voltas.in/images/Investor/schedule-announcements/download/Financial_Results_March_2025.pdf The same can be accessed by scanning the QR code provided below.



Mumbai, 7th May, 2025

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CIN : L2930MH1954PLC009371

For and on behalf of the Board of Directors of Voltas Limited
Pradeep Bakshi
Managing Director & CEO

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