

CY2025 & December Market Pulse: Investment Insights

CY2025 Wrap: FPIs Record Equity Exit, DIIs and MFs Keep Markets Supported

- ❖ **FPIs Extend Equity Selling in December; Debt Turns Negative, while CY2025 Marks Record-High Equity Selling and a Tilt Toward Fixed Income**
 - **FPIs Remain Net Sellers in Equities in December:** FPIs continued to exit equities in December, recording ₹22,611 Cr of net outflows. Selling was concentrated in the **first half** (₹17,821 Cr) and moderated in the **second half** (₹4,790 Cr), indicating sustained risk reduction into year-end. Flows were sharply split across venues—FPIs sold ₹30,333 Cr in the **secondary market**, while partially offsetting this through **primary market buying of ₹7,722 Cr**, reflecting **selective participation in issuances** amid broader equity unwinding.
 - **Debt Flows Flip to Outflows in December:** FPIs also turned net sellers in debt, with ₹15,399 Cr of outflows (₹7,768 Cr in the first half and ₹7,631 Cr in the second). This indicates a broader year-end de-risking, as FPIs pared exposure across both **equity and debt** during the month.
 - **CY2025 Trend Highlights a Clear Equity-to-Debt Tilt:** In CY2025, FPIs withdrew ₹1,66,286 Cr from equities—the **highest annual equity outflow from FPIs in the Indian market so far**—while investing ₹58,348 Cr into debt. This underscores a sustained preference for **yield-led, relatively stable opportunities** over equities through the year.
- ❖ **DII Flows: Domestic Institutions Stay the Market's Core Support in December and CY2025**
 - **Strong Equity Buying Continues in December:** Domestic Institutional Investors remained firm buyers in December, recording ₹79,620 Cr of net equity inflows. Buying was well-spread across the month, with ₹41,762 Cr deployed in the **first half** and ₹37,858 Cr in the **second half**, underscoring sustained domestic risk appetite despite foreign selling.
 - **CY2025 Ends with Record-Style Support:** For CY2025, DIIs have infused a sizeable ₹7,88,791 Cr into equities, reinforcing their role as the market's **primary stabiliser**—consistently absorbing supply, supporting liquidity, and cushioning volatility through the year.
- ❖ **Mutual Funds Anchor Equity Support in CY2025**
 - **Mutual Funds Stay Net Buyers in Equities in December:** Mutual Funds maintained firm equity deployment in December, investing ₹38,939 Cr, with ₹20,641 Cr deployed in the **first half** and ₹18,298 Cr in the **second half**, indicating steady domestic participation through year-end.
 - **CY2025 Investment:** Mutual Funds infused a **record-high ₹5,02,712 Cr** into equities, supported by steady **SIP inflows** and resilient **retail participation**.

Monthly Investment Insights

Tracking Flows by Market Participants

| Market Participants | For the month of December | | | | | | CY 2025 | |
|---------------------|---------------------------|-------------|----------|-------------|-------------|----------|---------------|-------------|
| | Equity (Cr\$) | | | Debt (Cr\$) | | | Equity (Cr\$) | Debt (Cr\$) |
| | 1st - 15th | 16th - 31st | Total | 1st - 15th | 16th - 31st | Total | | |
| FPI | (17,821) | (4,790) | (22,611) | (7,768) | (7,631) | (15,399) | (166,286) | 58,348 |
| DII | 41,762 | 37,858 | 79,620 | - | - | - | 788,791 | - |
| *Mutual Funds | 20,641 | 18,298 | 38,939 | (23,430) | (11,152) | (34,582) | 502,712 | (591,606) |

*DII investments include MFs Investments.MF's data updated till 31st December. Source: NSDL, SEBI, NSE

Mapping FPI Investments: Sector-wise Insights in Indian Equities

- ❖ December 2025 Sectoral Shifts: Second-Half Rotation Lifts Consumer Services & IT; Financials Stay the Key Drag
 - Second-half buying strengthened in December: Consumer Services led inflows at ₹3,340 Cr, almost entirely from 16th–31st (₹3,390 Cr). Metals & Mining saw solid buying of ₹2,984 Cr, indicating sustained interest in cyclical/value pockets. Oil & Gas stayed net positive at ₹2,356 Cr despite late profit-booking (₹3,001 Cr in 1st half vs –₹645 Cr in 2nd).
 - IT and Telecom reversed sharply: IT flipped from –₹3,331 Cr to ₹4,457 Cr, ending ₹1,126 Cr net buy, while Telecom moved from –₹879 Cr to ₹1,113 Cr, closing at ₹234 Cr.
- ❖ Selling Concentrates in Financials and Consumption
 - Financial Services sees the deepest outflows: FPIs remained aggressive sellers in Financial Services (–₹10,525 Cr), with consistent unwinding across both halves (–₹6,516 Cr in 1st half; –₹4,009 Cr in 2nd), reflecting sustained de-risking/profit booking.
 - FMCG outflows intensify late-month: FMCG (–₹5,844 Cr) selling accelerated in the second half (–₹4,425 Cr vs –₹1,419 Cr in the first), suggesting sharper valuation-led trimming toward month-end.
 - Services, Healthcare and Power remain under pressure: FPIs continued to sell Services (–₹4,278 Cr), Healthcare (–₹2,994 Cr) and Power (–₹2,753 Cr), though the pace of selling moderated in the second half across these sectors. Capital Goods (–₹2,566 Cr) also stayed negative through both halves, indicating rotation away from industrial/capex themes in December.
 - Auto Turns Mixed: Early Buying, Sharp Second-Half Exit : Automobiles saw ₹611 Cr of buying in the first half but a sharp reversal later (–₹2,656 Cr), ending –₹2,045 Cr—highlighting a clear late-month risk reduction.

| Sector-Wise FPI Equity Purchases: Dec, 2025 (Amount in Crs) | | | | Sector-Wise FPI Equity Sales: Dec, 2025 (Amount in Crs) | | | |
|---|------------|-------------|-------|---|------------|-------------|----------|
| Sector | 1st - 15th | 16th - 31st | Total | Sector | 1st - 15th | 16th - 31st | Total |
| Consumer Services | (50) | 3,390 | 3,340 | Financial Services | (6,516) | (4,009) | (10,525) |
| Metals & Mining | 807 | 2,177 | 2,984 | FMCG | (1,419) | (4,425) | (5,844) |
| Oil & Gas | 3,001 | (645) | 2,356 | Services | (3,237) | (1,041) | (4,278) |
| IT | (3,331) | 4,457 | 1,126 | Healthcare | (2,351) | (643) | (2,994) |
| Consumer Durables | 401 | 198 | 599 | Power | (2,118) | (635) | (2,753) |
| Telecommunication | (879) | 1,113 | 234 | Capital Goods | (1,218) | (1,348) | (2,566) |
| Construction | (175) | 382 | 207 | Automobile | 611 | (2,656) | (2,045) |
| | | | | Construction Materials | (1,125) | (549) | (1,674) |

| Sector-Wise FPI Equity Purchases in CY2025 | | Sector-Wise FPI Equity Sales in CY2025 | |
|--|--------------|--|--------------|
| Sector | Amount (Crs) | Sector | Amount (Crs) |
| Telecommunication | 48,222 | Information Technology | (74,698) |
| Oil & Gas | 8,431 | FMCG | (36,786) |
| Services | 7,071 | Power | (26,522) |
| Chemicals | 6,017 | Healthcare | (24,967) |
| Metals & Mining | 4,661 | Consumer Durables | (21,369) |
| Media & Entertainment | 301 | Consumer Services | (16,524) |
| | | Financial Services | (14,903) |
| | | Realty | (12,635) |

CY2025 Snapshot: Where FPIs Placed Their Biggest Bets

FPI Sectoral Allocation (CY2025): Telecom Tops Buying, IT Sees the Heaviest Selling

❖ Telecom Dominates Full-Year FPI Purchases

- **Telecommunication** emerged as FPIs' biggest **buy-side** sector in **CY2025**, with purchases of **₹48,222 Cr**—far ahead of other sectors. The scale of participation suggests sustained preference for **structural themes** such as **pricing discipline**, **ARPU improvement visibility**, and **5G-led monetisation**.
- **Oil & Gas, Services and Chemicals Form the Next Buying Cluster:** Beyond telecom, FPIs deployed meaningful capital into **Oil & Gas (₹8,431 Cr)** and **Services (₹7,071 Cr)**, pointing to preference for **cash-flow visibility** and India's **services-led growth**. **Chemicals (₹6,017 Cr)** and **Metals & Mining (₹4,661 Cr)** also saw healthy purchases, indicating selective appetite for **commodity/industrial exposure**. **Media & Entertainment (₹301 Cr)** remained marginal on the buy side. Overall, the top purchase sectors together accounted for **₹74,703 Cr** of FPI buying in **CY2025**.

❖ IT Faces the Sharpest Full-Year Selling

- On the sell side, **Information Technology** witnessed the deepest FPI unwind in **CY2025**, with sales of **₹74,698 Cr**—the largest among all sectors. The magnitude indicates a sustained preference to reduce exposure to **global-demand-sensitive** segments and/or to rebalance positioning after earlier cycles.
- **Consumption, Defensives and Rate-Sensitives Also See Large Exits:** FPI selling was also heavy in **FMCG (₹36,786 Cr)**, followed by **Power (₹26,522 Cr)** and **Healthcare (₹24,967 Cr)**. **Consumer Durables (₹21,369 Cr)** and **Consumer Services (₹16,524 Cr)** further highlight broad-based trimming across **consumer-facing** pockets. In addition, FPIs sold **Financial Services (₹14,903 Cr)** and **Realty (₹12,635 Cr)**—both typically sensitive to **rates, liquidity, and valuation swings**. Collectively, the top sell sectors summed to **₹228,404 Cr** of FPI selling in **CY2025**.

Indian Benchmark Indices: Tracking Performance

| Absolute Returns: A Snapshot of Indices Performance(%) | | |
|--|----------|--------|
| Benchmark | December | CY2025 |
| Sensex | (0.57) | 9.06 |
| Nifty 50 | (0.28) | 10.51 |
| Nifty Midcap 150 | (0.53) | 5.37 |
| Nifty Smallcap 250 | (0.29) | (6.01) |

❖ Large Caps Close CY2025 with Clear Leadership Despite a Soft December

- Markets saw a mild pullback in **December**, with **Sensex** down **0.57%** and **Nifty 50** lower by **0.28%**, reflecting **profit-booking** and **year-end consolidation**. Broader indices were also soft—**Nifty Midcap 150** fell **0.53%** and **Nifty Smallcap 250** slipped **0.29%**—highlighting continued **selectivity**.
- For **CY2025**, **large caps** retained clear leadership as **Nifty 50** gained **10.51%** and **Sensex** rose **9.06%** on the back of **quality** and **liquidity** preference. **Midcaps** returned **5.37%**, while **small caps** ended **down 6.01%**, signalling sustained caution in higher-risk segments.

Tracking FPI's AUC in Indian Markets

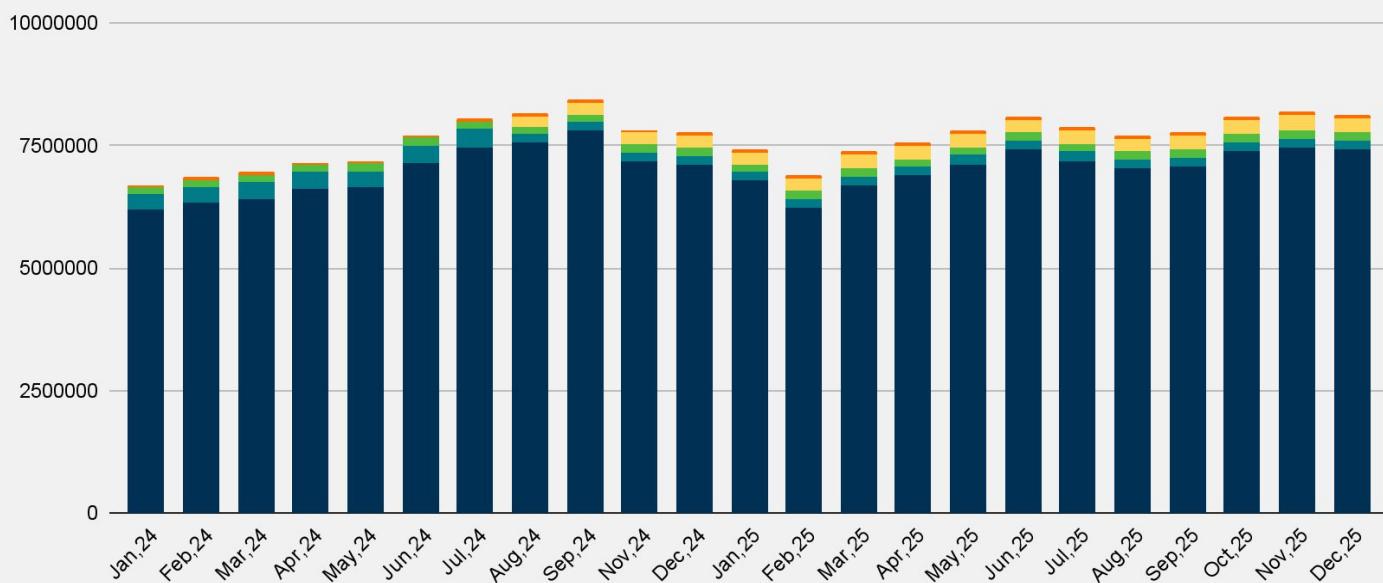
FPIs' AUC Eases in December, but 2025 Ends Near Peak Levels

- **Total AUC Moderates After November Peak:** FPIs' Assets Under Custody (AUC) stood at ₹81.39 lakh cr in December 2025, down from ₹81.86 lakh cr in November – a decline of about ₹0.46 lakh cr. Despite the small pullback, December still marks one of the **strongest closing levels of 2025**, indicating sustained foreign positioning in India across equity and debt.
- **Equity AUC Dips Marginally:** **Equity holdings** eased to ₹74.26 lakh cr in December from ₹74.58 lakh cr in November (down ~₹0.31 lakh cr). The move suggests **mild profit-taking/mark-to-market adjustment** after a strong run-up, while overall equity exposure remained **firmly elevated**.
- **Debt AUC Softens, Led by FAR:** Within debt, **Debt General** was nearly flat at ₹1.87 lakh cr (vs. ₹1.88 lakh cr in November) and **Debt VRR** edged down to ₹1.71 lakh cr (vs. ₹1.72 lakh cr). The sharper moderation came from **Debt FAR**, which declined to ₹2.77 lakh cr from ₹2.91 lakh cr, indicating a **partial trimming** in FAR-linked/longer-duration positioning into year-end.
- **Year-on-Year (Dec'25 vs Dec'24):** Total AUC is up by about ₹3.75 lakh cr versus ₹77.64 lakh cr in December 2024, reflecting a **strong annual expansion** in foreign assets linked to Indian markets.

| Asset Under Custody(AUC) of FPIs (INR Cr) | | | | Key Sectoral Breakdown of FPI Equity AUC (INR Cr) | | | |
|---|------------------|------------------|-----------------|---|-----------|-----------|--------------|
| Segment | Dec,25 | Nov,25 | Change | Sector | Dec,25 | Nov,25 | Change |
| Equity | 7,426,445 | 7,457,868 | (31,423) | Financial Services | 2,363,331 | 2,382,843 | (19,512) |
| Debt General | 187,487 | 188,294 | (807) | Automobile | 574,896 | 571,606 | 3,290 |
| Debt VRR | 170,570 | 171,760 | (1,190) | Oil & Gas | 568,986 | 561,923 | 7,063 |
| Corporate Bonds | 127,891 | 129,623 | (1,732) | IT | 537,779 | 518,369 | 19,410 |
| Debt FAR | 277,342 | 291,348 | (14,006) | Healthcare | 470,466 | 487,130 | (16,664) |
| Others | 77,526 | 76,399 | 1,127 | Capital Goods | 415,937 | 418,470 | (2,533) |
| Total | 8,139,370 | 8,185,669 | (46,299) | Telecom | 406,630 | 403,740 | 2,890 |

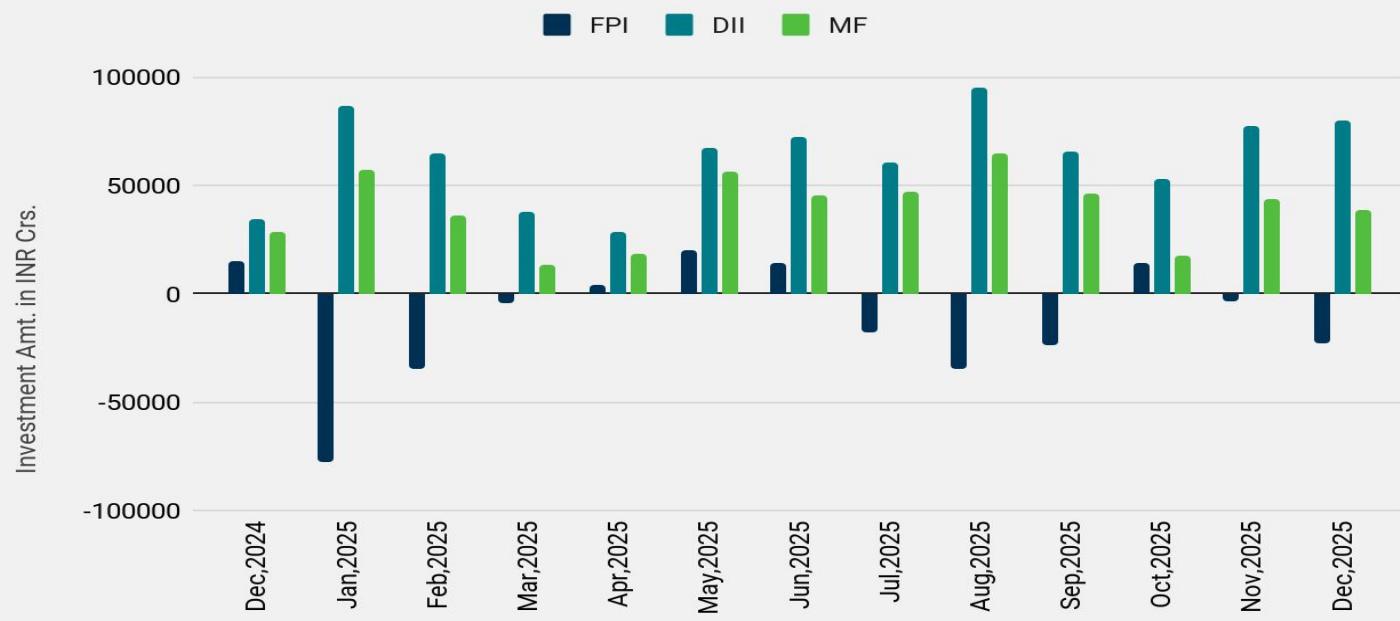
Asset Under Custody(AUC) of FPIs (INR Cr)

■ Others ■ Debt FAR ■ Debt VRR ■ Debt General ■ Equity



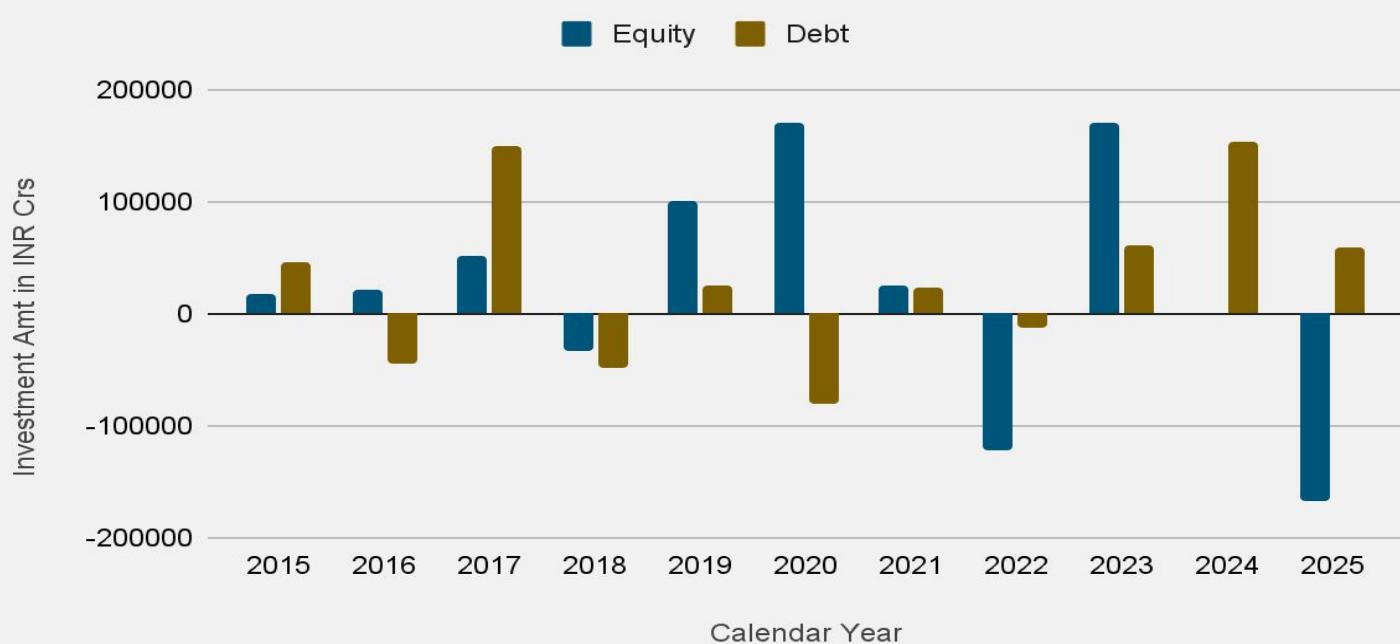
Equity Investment Breakdown by Participant

Net Equity Investments for Dec, 2024 - Dec, 2025



FPI's Strategic Investments in Equity and Debt Markets

FPI's Investment in Indian Equity and Debt Market



*MF data is updated as of 31st December. DII investments include MF investments.

Source: NSDL, SEBI