

FPIs Buy 'Battered' Tech Stocks After Remaining Sellers for a Year

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Mumbai: Foreign fund managers are nibbling at beaten-down shares of information technology (IT) companies after dumping them in the past 12 months. These investors invested ₹2,610 crore in IT stocks in the second fortnight of October 2022 after remaining net sellers of shares worth nearly ₹92,000 crore since October 2021.

Between October 2021 and September 2022, FPIs were net buyers of IT stocks only in August 2022 when they bought shares worth ₹397 crore, show data compiled by primeinfobase.com. Between October 1 and 15, FPIs sold IT shares worth ₹1,665 crore. Investors have dumped IT stocks amid concerns over their prospects in the wake of fears about a recession in the US and Europe.

Market participants said the recent underperformance of the stocks may have prompted some investors to consider buying some

Finding Favour

FPI Net Investments



Sector	Oct 16-31	Oct '22	Sep '22	Jan-Aug '22
Information Technology	2,610	945	-9,199	-63,780
Automobiles	1,477	787	395	-8,275
Construction	724	1,289	-381	-9,014
Telecommunication	672	773	2,486	1,711
Healthcare	664	929	1,833	321
Power	654	977	-1,069	1,292
Capital Goods	525	834	1,953	-5,717
FMCG	488	-700	2,765	749
Media & Entertainment	349	555	-253	-2,822
Consumer Services	308	218	2,421	-11,633

(Figures in ₹Cr)

Source: primeinfobase.com

battered IT stocks. Also, top IT companies reported better-than-expected results in the September 2022 quarter despite the challenging macro environment and continued supply headwinds.

Infosys raised its growth guidance for FY23 to 15-16% from 14-15%.

HCL Technologies also increased its growth forecast for FY23 to 13.5%-14.5% for the year. It had previously forecast revenue growth of 12%-14%.

"Indian IT services are in a good place and will stay in a good place for a long time," said Rahul Bhasin,

managing partner of Baring Private Equity Partners. "The competitive edge across many industries is software. The core competitive advantages come from a frictionless exchange driven by AI tools and IoT devices which capture big data and then do preventive maintenance."

The Nifty IT index rose 2.7% in the second fortnight of October. FPIs' exposure to IT stocks as a percentage of their total holdings rose to 10.6% in October as against 10.32% in September.

Among other sectors, FPIs were buyers of auto shares worth ₹1,477 crore between October 15 and October 31 after selling shares worth ₹690 crore in the first part of the month. FPIs deployed about ₹8,431 crore in Indian equities in the past month. Construction, telecommunication, healthcare, power, capital goods, and FMCG are the other sectors where FPI bought shares.

FPIs sold shares of financial services companies worth ₹4,686 crore in October after selling shares worth ₹1,673 crore in September.