

# FPIs Dump Indian IT Stocks Worth ₹72k cr in 2022 over Recession Fears

Foreign portfolio investors also cut their exposure to capital goods & textiles stocks

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**Mumbai:** Foreign portfolio investors (FPIs) consistently reduced their exposure to Indian IT stocks in 2022, while they bought shares of metals, mining, constrictions, and oil & gas during the year, according to data compiled by Primeinfobase.com. FPIs' exposure to IT sector as on December 31 fell to 10.45% of their total investment here from 15.43% a year ago after they sold shares such as Infosys, TCS and Wipro among others worth ₹72,000 crore last year.

Overseas fund managers have been dumping IT stocks since the beginning of last year on concerns over recession and lower technology spending in the US and Europe. The Nifty IT index declined 25% in 2022 compared to

## Sectorwise FPI Investment

Sector	Asset Under Custody (₹cr)		Sectoral Weightage (%)		
	Dec '22	Dec '21	Dec '22	Dec '21	Chg
IT	5,05,182	7,49,494	10.45	15.43	-4.98
Capital Goods	1,28,667	1,94,893	2.66	4.01	-1.35
Textiles	19,363	75,455	0.40	1.55	-1.15
Consumer Services	1,17,078	1,44,116	2.42	2.97	-0.55
Services	78,726	1,02,135	1.63	2.10	-0.47
Cons Materials	74,950	93,617	1.55	1.93	-0.38
Diversified	1,533	14,961	0.03	0.31	-0.28
Healthcare	2,32,296	2,42,851	4.81	5.00	-0.20
Realty	56,810	65,520	1.18	1.35	-0.17
Others	11,328	16,779	0.23	0.35	-0.11
Media & Ent	20,699	23,230	0.43	0.48	-0.05
Forest Materials	1,854	2,207	0.04	0.05	-0.01
Telecommunication	1,26,212	1,14,438	2.61	2.36	0.25
Chemicals	99,657	84,518	2.06	1.74	0.32
Consumer Durables	1,62,351	1,44,813	3.36	2.98	0.38
Power & Utilities	2,08,830	1,68,515	4.32	3.47	0.85
FMCG	3,28,790	2,82,640	6.80	5.82	0.98
Financial Services	15,93,155	15,42,251	32.95	31.76	1.20
Oil & Gas	5,53,080	4,96,894	11.44	10.23	1.21
Auto & Components	2,58,501	1,97,424	5.35	4.07	1.28
Metals & Mining	1,72,603	99,776	3.57	2.05	1.52

Source: primeinfobase.com

a 1% gain by the Nifty index.

Though a weaker rupee and lower attrition have helped the IT companies improve their margins a bit, weakness in revenue growth is expected in 2023, according to analysts.

“The risk for IT services stocks is continued revenue weakness in H2FY23 followed by a tepid start to FY24,” said Nitin Padmanabhan, analyst at Investec. “This could bring down Tier-1 growth expectations to 6-7% vs. 8% currently, leading to a potential contraction in PE multiples.”

FPIs' sectoral exposure to metals and mining increased from 2.05% in December 2021 to 3.57% in December 2022. Similarly, their allocation to auto and auto ancillary stocks jumped to 5.35% from 4.07% last year.

Other than IT stocks, FPIs have reduced their exposure to capital goods and textiles stocks. Both these sectors underperformed last year. FPIs sold shares worth ₹61,000 crore in financial services and ₹12,900 crore in consumer durables stocks in 2022.

FPIs have sold shares worth ₹1.5 lakh crore in the secondary market in 2022 after selling shares worth ₹55,000 crore in 2021.

## FPIs Dumped Indian IT Stocks Worth ₹72,000 cr in 2022

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