

FII's turn net buyers in first fortnight

Financials top the list, IT & auto sectors also find space in the cart

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FOREIGN INSTITUTIONAL INVESTORS (FIIs) turned net buyers in the first fortnight of April and pumped in a net ₹8,767 crore in Indian equities, according to Central Depository Services' fortnightly sector-wise data. The reversal of trend at the beginning of the new financial year is significant, as the preceding fortnight in March saw net outflows of ₹4,640 crore.

FIIs have largely been on a selling spree, with the previous two financial years accounting for combined outflows of \$23 billion. Of this, FIIs pulled out \$17 billion in FY22 and \$6 billion in FY23.

The assets under custody (AUC) for FIIs stood at ₹50 trillion as of April 15, of which ₹46 trillion were in equities.

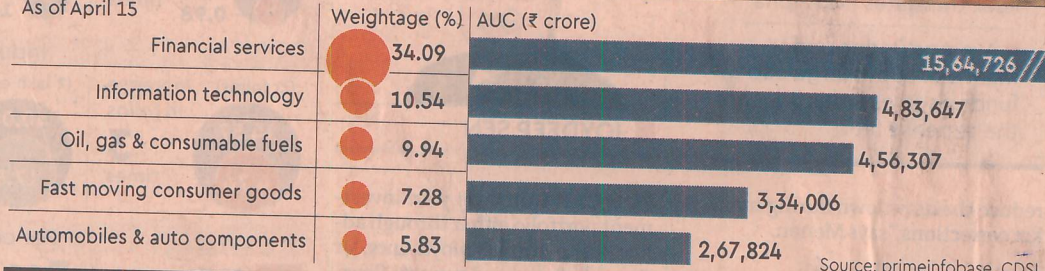
Sectorally, auto and auto components saw inflows of ₹1,259 crore, with the total AUC at ₹2.67 trillion. The sector saw inflows of ₹2,695 crore in March

NET INVESTMENT (₹ crore)

Sector	Apr 1-15	March	February
Financial Services	4,266	-556	105
Auto & Auto Components	1,259	2,695	895
Info Tech	1,002	-6,910	1,069
Metals & Mining	675	2,938	-2,642
Capital Goods	396	2,507	2,664

TOP SECTORAL BETS

As of April 15



Source: primeinfobase, CDSL



and has been a consistent bet for FIIs since January.

"With emerging markets attracting foreign money again, FIIs no longer seem to be structurally negative on India. Softening of raw material prices has been the major factor for the auto and auto components sector, while the recent pause in rate hikes has come as a boon,"

said Pankaj Pandey, head of research at ICICI Securities.

Surprisingly, the IT counter, which saw outflows of ₹6,910-crore in the whole of March, raked in ₹1,002 crore in overseas investment — the third most among sectors. The sector has seen a mixed trend since August 2022 in terms of FII inflows, registering inflows in

five months and outflows in four.

According to Pandey, the beaten-down sector is more likely a contra bet, thanks to the heavy correction in tech stocks over the last few months. He said with the macro-economic situation in the US improving, the sector could see better days in the second half of the year, though much hinges on

how the results season and commentary pan out.

Strong fundamentals, cleaner balance sheets, and strong credit growth have turned the outlook around for the BFSI sector, which saw maximum inflows of ₹4,410 crore during the fortnight. This sector had seen a whopping ₹15,204 crore being withdrawn in January and ₹556 crore in March, registering meagre ₹105-crore inflows in February.

With an AUC of ₹15 trillion, financial services have a 34.09% weightage in FII holdings in Indian equities.

UR Bhat, co-founder and director of Alphaniti Fintech, said the improving environment in terms of inflationary pressure, and the recent pause in rate hikes has made FIIs warm up to Indian equities. He pointed out that events in the US will be keenly watched, and factors like geopolitical conflicts and further rate hikes could change the equation.

IT (10.54%), auto/auto components (5.83%) and financial services together account for almost 50% of holdings by FIIs, shows data from primeinfobase. Oil & Gas and FMCG account for 9.94% and 7.28%, respectively.