

FIIs pull out Rs 80,000 crore from 10 bluechip stocks but the selling may finally be getting over

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Synopsis

Foreign investors have withdrawn substantial funds from top Indian stocks. However, a shift is occurring with expectations that the worst is over. Domestic mutual funds are increasing their holdings, providing market stability. Analysts are optimistic about India's future growth prospects, projecting potential gains for the Nifty index.



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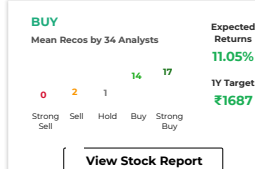
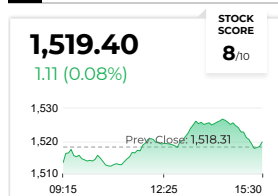
Foreign investors have significantly reduced their holdings in top Indian stocks, pushing foreign ownership to a decade low.

Foreign institutional investors (FIIs) have slashed Rs 80,000 crore from just 10 of India's most prized stocks—Reliance Industries (RIL), [TCS](#), [Titan](#), and [HDFC Bank](#) among them—as a brutal year-long exodus pushes foreign ownership of Indian equities to its lowest level in over a decade. Yet amid the carnage, a surprising consensus is emerging on Wall Street and Dalal Street alike: the worst may finally be over.

TCS bore the heaviest blow, with FIIs dumping an estimated Rs 12,911 crore as their stake plunged from 11.5% to 10.3% in the September quarter, according to data from Prime Database. [Reliance Industries](#) wasn't far behind, shedding Rs 10,042 crore as foreign holdings slipped from 19.2% to 18.7%. Eternal saw Rs 9,854 crore in outflows as FII ownership dropped from 42.3% to 39%.

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[ICICI Bank](#) witnessed sizeable withdrawals of Rs 9,375 crore as FII holding fell from 46.8% to 45.6%. Others in the list include [HCL Tech](#), [Kotak Mahindra Bank](#), [Infosys](#), [Axis Bank](#), HDFC Bank and Titan.

The carnage was equally visible in stock prices—TCS tumbled 16.6%, HCL Tech collapsed 19.9%, Trent plummeted 24.8%, and Infosys dropped 10% during the quarter as foreign money fled.

On the flip side, some companies emerged as beneficiaries of FII inflows. [Yes Bank](#), [Maruti Suzuki](#), [Hindustan Unilever](#) (HUL), Waaree Energies, and [AWL Agri Business](#) saw FIIs hike their stakes significantly—Yes Bank alone clocked a Rs 12,548 crore net buy.

Sectorally, FIIs increased their allocation to consumer discretionary stocks, while cutting back most on financial services. DIIs mirrored this shift, but also slashed exposure to IT.

"Foreigners have net sold \$30 billion over the past year (second largest historically) pushing foreign ownership and mutual fund allocations near two-decade lows," said Goldman Sachs' Sunil Koul. "However, recent reversals suggest improving foreign risk appetite and flows as earnings recover."

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Registrations Closing Soon

Goldman Sachs, which had downgraded India in October last year, has now taken a dramatic U-turn—upgrading the country back to overweight and projecting Nifty can hit 29,000 by 2026-end amid growth-supportive policies, earnings revival, defensive valuations and under-positioning by FIIs.

HSBC's Herald van der Linde went further: "The worst is over for Indian equities. We expect Indian equities to see incremental foreign inflows. India is now the biggest underweight in GEM portfolios and only a quarter of funds we track are overweight India."

FIIs' ownership of NSE-listed companies collapsed to a 13-year low of 16.71% by September 30, down from 17.05% the previous quarter and substantially from a peak of 20.71% in 2015. In value terms, FIIs owned Rs 74.20 lakh crore worth of Indian stocks at quarter-end—a 4.4% quarter-on-quarter decline.

But domestic mutual funds continued their unstoppable surge, pushing their ownership to another record high at 10.93%. The gap between MF and FII stake is now just 5.78 percentage points—a chasm that has halved in two years. MFs invested a net Rs 1.64 lakh crore in the quarter, dwarfing the Rs 76,619 crore FII outflow.

Domestic institutional investors as a collective—including mutual funds, insurance, pension funds, and others—reached an all-time high ownership of 18.26%, overtaking FIIs earlier this year. The combined DII, retail, and HNI share in listed Indian companies reached 27.78%, indicating growing resilience of domestic capital to global flows.

"Decisions by FIIs, though important, no longer dictate Indian market direction," said Prime Database's Pranav Haldea. "Domestic institutions, flush with local savings, have transformed the equity landscape, providing stability amid volatile global flows. Indian markets are steadfastly moving towards greater self-reliance, and the day when MFs surpass FIIs seems closer than ever."

Time to buy?

The markets have corrected 3% in November, giving up around half the gains from a strong October rally.

"We see this as a buying opportunity, with multiple short-term positive catalysts playing out," said Emkay. "Earnings are stabilizing with a steady Q2FY26, and a strong consumption momentum through October. Global positives could also come through with the likely end of the US shutdown and some positive news coming through on the India-US trade deal, though timelines on the latter remain uncertain. We retain our September 2026 Nifty target of 28,000, with Consumer Discretionary being our top overweight."

Koul added that "potential moderation in US trade tensions could act as an additional market catalyst."

Van der Linde highlighted India's unique positioning: "India offers a hedge and diversification to those who feel uncomfortable with the ongoing AI rally. India is likely to be an outsized beneficiary of any additional money coming into the EM region."

While the share of retail investors slipped marginally to 7.43%, HNIs nudged up their exposure. Individual investors booked profits, net selling to the tune of Rs 9,562 crore for the quarter. Private promoters' stake edged up after three quarters of decline, touching 40.70%, but remains about 4.5 percentage points lower than four years ago—primarily due to continued stake sales and dilution.

The report also reveals that ownership is highly skewed—just a handful of FIIs and mutual funds dominate the investment landscape. The Government of Singapore, Norges, and Vanguard remain top FII investors by value, while SBI, ICICI Prudential, and HDFC lead among mutual funds.

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