

# Indian Stocks Complete Biggest Weekly Loss This Year on Earnings

Indian stocks dropped, with the benchmark index capping its biggest weekly retreat this year, as Infosys Ltd.'s quarterly profit and sales missed estimates. The rupee weakened.

Infosys, which has the highest weighting on the S&P BSE Sensex, tumbled the most in 11 months. Axis Bank Ltd. retreated for a second day, while Housing Development Finance Corp., the largest mortgage lender, slid to an 11-week low. The rupee had its biggest weekly drop since August 2013.

The Sensex lost 1.1 percent to 27,437.94, the lowest close since Jan. 14. The index decreased 3.5 percent this week, the most since the period ended Dec. 12, amid concerns over company earnings and the forecast of below-normal rainfall. Continued outflows by global investors amid a row over past taxes despite the government's clarification, also weighed on sentiment, according to Arthveda Fund Management Pvt.

"There's concern over unseasonal rainfall and the monsoon being below par," Vikas Gupta, an executive vice president for investment research at Arthveda, said by telephone from Mumbai. "The tax issue has left a sour taste among foreign investors."

While three of the five Sensex companies that have posted results so far have matched or exceeded estimates, the gauge's earnings for the January to March period will drop for a second straight quarter, estimates compiled by Bloomberg show. UBS AG cut its December target for the CNX Nifty index by 4 percent on Monday, citing a slowdown in profit growth.

Global funds have pared holdings of rupee-denominated debt by \$242 million this month, on course for the first withdrawal since last April, and

have been net sellers of shares on six of the past seven days. The rupee has lost 1.9 percent this week, set for its worst month since September, as Macquarie Bank Ltd. and Aberdeen Asset Management Plc urge policy makers to provide clarity on taxation rules.

#### Treaty Benefits

While the tax authority this week said foreign investors can use tax treaties to reject demands on past capital gains, global funds will be “more cautious than before,” Arthveda’s Gupta said. Notices have been sent to 68 funds for arrears of about 6 billion rupees (\$96 million), junior finance minister Jayant Sinha informed lawmakers today.

Overseas investors have pumped a combined \$57 billion into Indian stocks and bonds since the end of 2013.

Infosys earnings climbed 3.3 percent to 31 billion rupees in the March quarter, missing the 31.7 billion-rupee median of 34 analysts’ estimates compiled by Bloomberg. The company said sales in the 12-month started April 1 will rise 6.2-8.2 percent in dollar terms. Shareholders will get one free share for each held, the software maker said. The stock tumbled 6 percent, the most since May 29.

#### ‘Party Spoiler’

“Q4 earnings were clearly a party spoiler but the sales guidance they’ve given, in the current context, is a good one to offer,” Nilesh Shah, managing director at Mumbai-based Envision Capital Ltd., said in an interview with Bloomberg TV India today.

Wipro Ltd., the third-biggest software exporter, lost 2.1 percent, taking this week’s tumble to 11 percent, the most in the Sensex. Axis Bank and HDFC dropped at least 2 percent.

Aluminum producer Hindalco Industries Ltd. decreased 2.9 percent, ending two days of gains. Larsen & Toubro Ltd., the largest engineering company, fell 2.6 percent, while Cipla Ltd. tumbled 4 percent. Coal India Ltd., the world's biggest miner of the fuel, declined 2.1 percent, ending a three-day advance.

Today's drop erased this year's gains on the Sensex. The gauge trades at 15.3 times projected 12-month profits, compared with the MSCI Emerging Markets Index's multiple of 12.7.