

India's Sensex Rises to Record as HDFC Bank Climbs Amid Expiry

(Bloomberg) -- Indian stocks rallied in the final hour of trading, sending the benchmark index to an all-time high as monthly derivatives contracts expired.

Dr. Reddy's Laboratories Ltd., the third-biggest drugmaker by market value, surged the most since November after its net income beat estimates. HDFC Bank Ltd. jumped the most in more than eight months to a record after the government approved its fundraising plan. Reliance Industries Ltd. rose to its highest level in seven weeks. Coal India Ltd. dropped to a two-week low after the government said it will sell as much as 10 percent of the monopoly in a public offer tomorrow.

The S&P BSE Sensex gained 0.4 percent to 29,681.77 at the close, erasing an intraday decline of 0.6 percent. The index is headed for its best monthly performance since May as foreigners bought \$1.4 billion of shares since Jan. 1, the highest in Asia after Taiwan. Traders rolled over 73 percent of CNX Nifty Index futures at 4:10 p.m., versus the six-month average of 71 percent, data compiled by Bloomberg show.

"The mood is quite strong and price levels would be much higher in the February series," Gaurang Shah, vice president at Geojit BNP Paribas Financial Services Ltd., told Bloomberg TV India today. "The rollovers are much higher."

Dr. Reddy's rallied 3.8 percent to its highest level since Dec. 12. Group income fell 7.1 percent to 5.75 billion rupees, beating the 5.53 billion rupees profit forecast by analysts.

HDFC Bank soared 3.5 percent to an all-time high, taking this year's gain to 15 percent. The cabinet yesterday approved the lender's 100 billion-rupee plan to sell shares to Indians living abroad and foreign investors, subject to total foreign shareholding staying within the 74 percent cap.

Market Depth

Coal India dropped 2.3 percent. The 10 percent stake may fetch the government about \$4 billion, helping Prime Minister Narendra Modi meet his target to cut a budget shortfall to the lowest in seven years. The sale will potentially make it the nation's biggest public offering.

"Such share sales are necessary to increase the depth of the market, given the inflows we're seeing," Vikas Gupta, an executive vice president for investment research at Arthveda Fund Management Pvt., said by phone from Mumbai.

The government has raised 17.71 billion rupees of its 584 billion-rupee target from selling part of its holdings in state companies this financial year, according to the disinvestment department's website. It has missed the target every year since fiscal 2011, the data show.

The Sensex has closed at record for a sixth time in seven days. That's pushed up its valuation to 16.5 times projected 12-month earnings, near the highest level since January 2011. The MSCI Emerging Markets Index trades at a multiple of 11.5.