

Sensex Climbs to Week High as Maruti, Coal India Rise to Records

Indian stocks climbed, with the benchmark index advancing to a one-week high, as industrials and energy companies rose amid an increase in Asian equities.

Maruti Suzuki India Ltd., the biggest carmaker, and Coal India Ltd., the world's largest miner of the fuel, rallied to all-time highs. Housing Development Finance Corp., the biggest mortgage lender, gained for a second day this week. Reliance Industries Ltd. rose to a one-week high, while Tata Consultancy Services Ltd. rallied the most since May.

The S&P BSE Sensex jumped 1 percent to 28,198.29 at the close. The gauge has risen 2 percent this week after Greece neared a deal with its creditors and data on Wednesday showed China's economic growth in the April-to-June quarter exceeded estimates. An increase in spending by Prime Minister Narendra Modi's government has buoyed sentiment, according to Arthveda Fund Management Pvt.

"With Greece and China behind us, there are no immediate global concerns," Vikas Gupta, an executive vice president at Arthveda, said by telephone from Mumbai. "The government has been working silently behind the scene to boost infrastructure spending, the result of which will be seen over the next two to three quarters."

Modi has pledged to build roads, ports and airports as he seeks to reverse an investment slowdown in Asia's third-largest economy. The so-called plan spending in April-May, including that on infrastructure, was 13.4 percent of the amount budgeted for the year ending March 2016, compared with 10.4 percent in the same period last year.

Tax Revenue

An increase in tax revenue has given Modi ammunition to boost expenditure. Indirect tax receipts jumped 37 percent in May from a year earlier, the most since 2011. The 45 percent drop in Brent crude prices over the past year has meant that India, which buys about three-quarters of its oil, is saving money that would normally go toward subsidies.

"India's economic indicators are getting better, with higher government spending, higher tax collection, lower crude and commodity prices and inflation staying within the central bank's comfort zone," Gupta said. Arthveda Fund is bullish on state-run metals and mining companies, two-wheeler makers and technology exporters, he said.

Maruti rallied 2.5 percent to the highest price since its trading debut in July 2003. The expected increase in overseas investment limit in the stock in October to 40 percent from 26 percent may result in the company being added to MSCI indexes, Credit Suisse said in a note.

Mahindra & Mahindra Ltd., the biggest tractor maker, rose 1.4 percent in a third day of advance. Tata Motors Ltd., owner of Jaguar Land Rover, rebounded 2.2 percent from its lowest close since March 2014. Coal India gained 0.6 percent to its highest level since its November 2010 listing.

HDFC increased 2.7 percent and Reliance added 1.3 percent. Tata Consultancy rallied 1.9 percent, the most since May 22.

International investors bought a net \$87 million of Indian stocks on July 13, ending three straight days of outflows. They have purchased \$6.8 billion of local shares this year.

The Sensex has risen 2.5 percent this year and trades at 15.7 times projected 12-month earnings. The MSCI Emerging Markets Index is valued at a multiple of 11.5.