

Sensex Gains Fade on Indian Parliament Tax Logjam, Rupee Decline

India's benchmark stock index pared gains to end near a two-week low after parliament concluded without passing a key tax bill and the rupee slid to its weakest level since September 2013 amid the tumble in China's yuan.

Mahindra & Mahindra Ltd., the largest maker of tractors, climbed the most in two weeks. Lupin Ltd. jumped the most this month, pacing advances among pharmaceutical companies that gain from a weak currency. Vedanta Ltd., the top copper producer, slumped the most since February 2012, while Hindalco Industries Ltd., an aluminum maker, capped the biggest four-day retreat since November 2008 amid losses in global metal prices.

The S&P BSE Sensex added 0.1 percent to finish at 27,549.53 Thursday. It had climbed as much as 1 percent intraday as slower-than-expected inflation and the yuan's depreciation increased the chances that the central bank will cut interest rates. The gains faded as the current session of parliament ended without passing a proposed goods-and-services tax, jeopardizing the government's aim of introducing the levy in April 2016. Foreigners have pulled \$364 million from Indian stocks this week, the most in two months, data compiled by Bloomberg show.

"There is redemption by global funds across emerging markets, triggered by China," Vikas Gupta, an executive vice president at Arthveda Fund Management Pvt., said by phone from Mumbai. "The yuan issue is causing the immediate volatility, which is an opportunity to buy."

Gupta said he's bullish on software exporters, metal producers and two-wheeler makers.

'Positive Data'

India's consumer prices climbed 3.78 percent from a year ago in July, below an analyst consensus for a 4.4 percent gain, adding pressure on Governor Raghuram Rajan to lower rates. Rajan left borrowing costs unchanged at a review this month to curb Asia's third-fastest inflation.

A separate report on Wednesday showed factory production expanded 3.8 percent in June, beating estimates.

“India’s fundamentals are good in terms of industrial production and inflation,” Gupta said. “More positive data will come out in the next few months because of the steps the government has been taking.”

Oil & Natural Gas Corp. gained 0.2 percent. The state-run explorer said first-quarter profit gained 14 percent to 54.6 billion rupees (\$839 million), missing the 60.7 billion rupee median estimate from analysts. The shares

Coal India Ltd. increased 1.5 percent, rebounding from a six-day, 16 percent slide. The world’s largest producer of the fuel reported profit of 37.6 billion rupees after markets hours on Wednesday, missing the 41 billion-rupee estimate of analysts.

Drugmakers Rally

Seventeen of the 28 Sensex companies, or 61 percent, that have reported June-quarter earnings have matched or exceeded estimates, compared with 40 percent in the March quarter.

Lupin, Cipla Ltd. and Sun Pharmaceutical Industries Ltd. were among the best performers on the Sensex. The drugmakers, the nation’s biggest, benefit from a weak rupee because they earn an average 70 percent of their revenue abroad.

Mahindra jumped 3.1 percent, the most in about two weeks, and Bajaj Auto Ltd. and Maruti Suzuki Ltd. gained at least 1 percent each.

Vedanta plunged 9.2 percent to 103.4 rupees, the lowest price since April 2009. Hindalco tumbled 5.3 percent, taking its four-day loss to 17 percent, the most since November 2008. Tata Steel dropped 6.2 percent to a one-year low.

Adani Ports & Special Economic Zone Ltd. increased 3.9 percent. The company will replace NMDC Ltd. in the 50-stock CNX Nifty from Sept. 28, the exchange said in a statement. NMDC declined 2.8 percent.

Global investors sold a net \$276.8 million of local shares on Wednesday, Aug. 12, paring this year’s inflow to \$7.1 billion.

The Sensex has risen 0.2 percent this year and trades at 15.5 times projected 12-month earnings. The MSCI Emerging Markets Index is valued at a multiple of 11.1.