

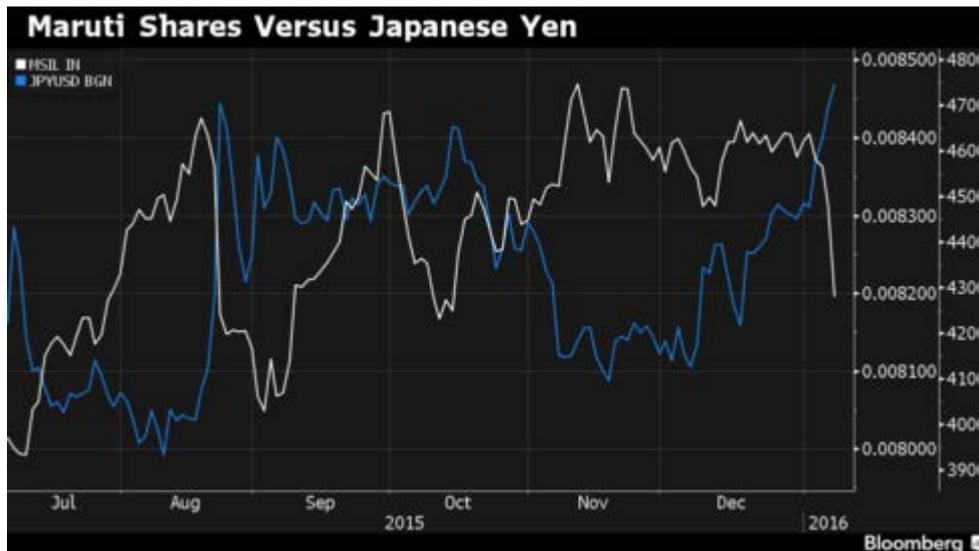
Indian Stocks Drop to 19-Month Low as Markets Buckle Under China

India's benchmark stock index slid to its lowest level since June 2014 after a plunge in Chinese equities led to a trading halt for a second time this week, deepening a global rout.

Tata Motors Ltd., owner of Jaguar Land Rover, and Tata Steel Ltd., the biggest producer of the alloy, were among the worst performers on the S&P BSE Sensex. Maruti Suzuki India Ltd., the maker of half the cars sold in India, slid the most in four months. Axis Bank Ltd. led its peers lower, while Bharat Heavy Electricals Ltd. plunged to almost a two-year low.

The Sensex tumbled 2.2 percent, capping its steepest four-day loss since August. The MSCI Asia Pacific Index slipped 2 percent and European shares fell the most since August after a 7 percent slump in China's CSI 300 Index led to trading being halted for rest of the day. The turmoil prompted global funds to withdraw \$98 million from Indian stocks so far this month, after buying \$3.3 billion of shares last year, the least in four years.

"We will see such sell-offs whenever there is a big impact on China and we have to live with it," Vikas Gupta, an executive vice president at Arthveda Fund Management Pvt. in Mumbai, said by phone. "Investors will find India attractive when the dust settles," he said. Gupta said he's buying shares of automakers and software exporters.



Maruti Suzuki retreated the most since Aug. 24 amid concerns that the rally in the yen to the strongest level since August will boost costs for the carmaker that buys components from its Japanese parent and pays royalty in the same currency. Shipments from Japan account for as much as 17 percent of its revenue, Chief Financial Officer Ajay Seth said in a phone interview.

Maruti was the top performer on the Sensex in 2015, with a gain of 39 percent even as the index posted its first annual loss in four years.

Yuan Fixing

The People's Bank of China cut its yuan fixing by the most since Aug. 13, a sign that the authorities are struggling to revive an economy that's the world's biggest user of energy, metals and grains. Contagion from China helped wipe \$2.5 trillion off the value of global stocks in the first six days of this year. Billionaire George Soros warned that markets are facing a crisis, and the World Bank cut its global growth forecasts for this year and next.



“Everyone’s focusing on China and selling off accordingly even though that market is not well understood by anyone,” Ben Kumar, investment manager at Seven Investment Management in London, said in an interview with Bloomberg TV India. Asian markets offer great value but “it hurts to catch falling knives on days like today as China may still be down 7 percent tomorrow.”

Tata Motors plunged 6.1 percent to its lowest level since Oct. 8. Tata Steel lost 7 percent, extending last year’s 35 percent loss.

Axis Bank decreased 5 percent to its lowest level since October 2014. India’s Finance Ministry is considering a plan to sell part or all of its stake in Axis Bank, valued at \$1.7 billion, to bolster its efforts to narrow the country’s fiscal deficit. State Bank of India, the largest, tumbled to its lowest price since May 2014.

Oil & Natural Gas Corp. dropped the most since Nov. 10. Bharat Heavy tumbled 7.2 percent to its lowest level since February 2014.