

# GROUND VIEW

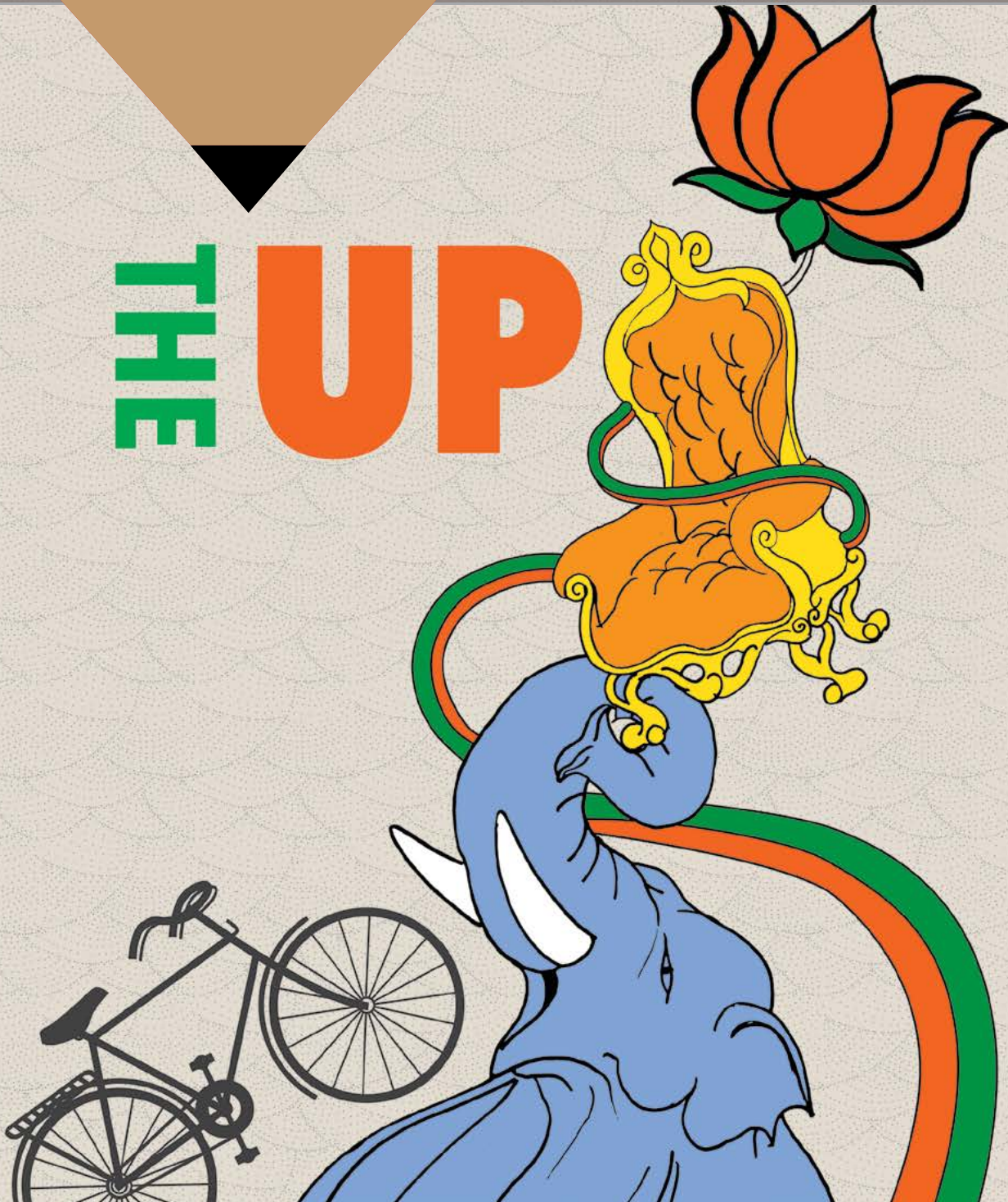
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# THE UP

# TRILEMMA



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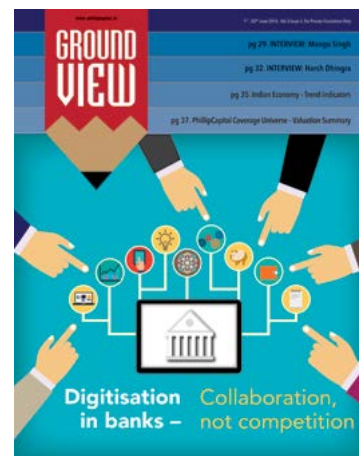
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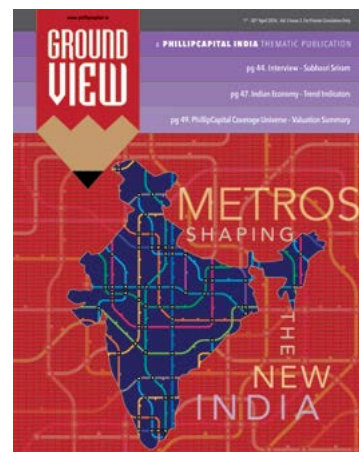
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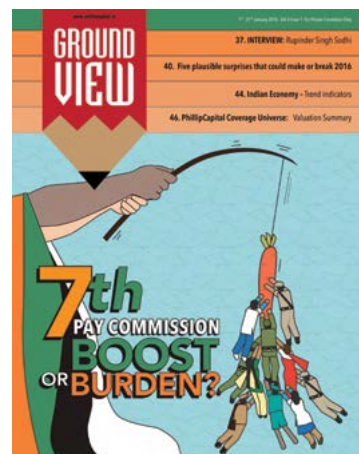
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## Letter from the MD

The GST Bill's successful passage has been one of the biggest political hurdles crossed by the ruling party. Reforms have a long-term impact on business revenues and earnings, and thus translate to higher valuations. Apart from reforms, political stability impacts valuations, as it improves the long-term macroeconomic equilibrium.

India's biggest assembly elections (for the state of Uttar Pradesh (UP)) will be held early next year. Many term these elections as a semi-final before the big fight of the 2019 Lok Sabha elections. UP has been the most politically influential state of the country - it elects 15% of the Lok Sabha and is often the deciding factor for any party coming to power. Not surprisingly, PM Modi contested the Lok Sabha elections of 2014 from the largest constituency of UP, Varanasi, to come to power. UP will remain the pivot for the ruling party even in the 2019 elections, but the results of the upcoming assembly elections could usher very strong winds of change for PM Modi. The results could destabilise the party, the government, and markets or could further strengthen the current agenda of fiscal prudence and focus on efficacy of programs.

Our cover story, the UP Trilemma, penned by analysts Naveen Kulkarni and Anindya Bhowmik, dives deep into UP's changing political landscape. Recent opinion polls are suggesting a hung assembly, but in a three or even a four-way fight the chances of opinion polls miscalibrating are very high. The ruling party has a fighting chance, but needs to get quite a few things right.

In this issue, we introduce a new column, Delhi Diaries, a take on the political happenings across India and their impact. Fast approaching October is tightly packed with festivals and I wish everybody a Happy Navratri and Dusshera in advance.

Best Wishes

Vineet Bhatnagar

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The biggest and the most important assembly elections of India. Acid test for PM Modi?



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The all-important UP assembly elections will be held early next year. These are the biggest assembly elections in the country, and are also crucial for the ruling party as it tries to consolidate its position as the only national party with considerable influence across India. UP was the biggest game changer for the BJP party towards its decisive victory in the Lok Sabha elections of 2014. It managed a whopping 42% vote share, but the seat share numbers were astronomical – at 73 out of 80 seats. This was because in 2014, caste equations were broken – in a departure from their norm, people wholeheartedly voted for Narendra Modi to become the next prime minister. PM Modi himself contested from the biggest Loksabha constituency of UP, Varanasi, radiating his influence on the entire eastern UP region, extending to adjoining districts of Bihar.



THE

UP

TRILEMMA

After winning the decisive mandate, PM Modi has regularly visited Varanasi and has also adopted a village Jayapur near Varanasi. He has kept a keen eye on the developments in UP and some initiatives of the BJP government have seen palpable results. Nonetheless, its report card is far from all straight As. In this mixed environment, the contest in the UP elections will be very fierce. The big question is – how much will these elections impact government policies, and what are its bearings on the 2019 elections when PM Modi tries to return to power?

GV took up the challenge to explore the hinterlands of UP to assess the situation in its key battlegrounds and to understand evolving caste equations.

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Will it make or break PM Modi?



# COVER STORY

BY NAVEEN KULKARNI & ANINDYA BHOWMIK

Varanasi, Uttar Pradesh, India. 24th April, 2014. Several thousand BJP supporters lined the streets of Varanasi to greet NARENDRA MODI as he visited the Uttar Pradesh city to file his nomination papers for the Lok Sabha elections



© Lee Thomas/Alamy Live News



## Elephants have the head-start but a neck-to-neck three-way fight is in the offing



ALLAHABAD, INDIA-APRIL 27: Bahujan Samaj Party (BSP) supremo Mayawati addressing people during an election campaign public rally in Allahabad.

Photo by Prabhakar Verma / Pacific Press

**S**unil Kumar Vishwakarma, an electric-pole climber from the lohar (ironsmith) community (part of other backward castes) in Gorakhpur district, eastern UP, has already made up his mind. He says, "This time we will get BSP to win. In 2014, we helped Modiji win. Assembly elections and centre elections are different." When quizzed about historical allegiances he

admitted that they (his community) have traditionally voted for the BSP. As the contest for UP elections heats up, the race is still in the formation lap with BSP seemingly securing the pole with BJP and SP close behind. BSP, diversified across UP, starts ahead of the pack mostly due to its strong vote bank, which leading UP journalist Sharat Pradhan pegs at 18-20%. It is poignant that even

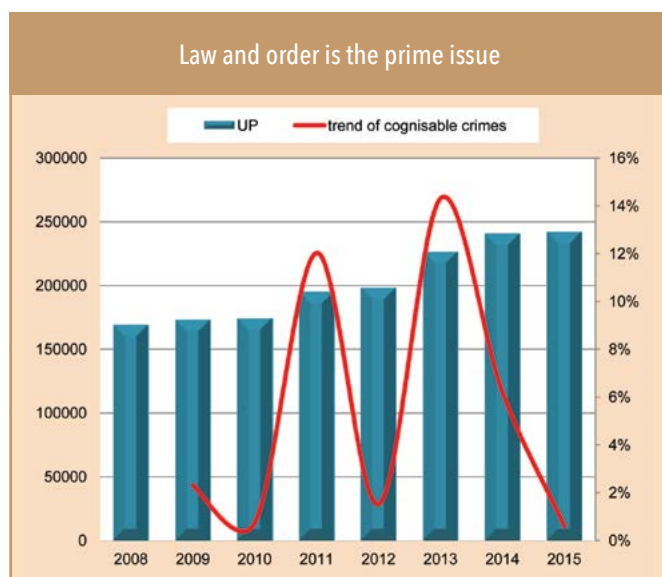
in the general elections in 2014, where BSP failed to win a single seat in UP, its vote share was 20%, and in 2012 it was 26%. A good chunk of Jatavs, other dalits and OBCs, who had voted for Modi in 2014 elections, seem to be making a ghar-wapsi (homecoming) of sorts back to BSP.

### Law and order is the prime issue of the assembly elections

According to the National Crime Records Bureau (NCRB), Uttar Pradesh was reported as the least safe state for women in India. After coming to power in 2012, the Samajwadi Party's term saw a significant increase in the crime rate – it spiked by 14% in the first year itself. Law and order was very much under control in Mayawati's tenure. Even her detractors credit her for significantly improving the law and order situation, which helped in land prices moving up, as transactions picked up pace and the overall economy improved. Vipul Rai, a staunch BJP supporter, grudgingly admits, "Despite her failings, Mayawati has complete control over administration and is very proactive in quelling goons and notorious elements".

Mayawati's popularity stems from her adept handling of the law and order situation. However, as her support is uniformly distributed across the geography of UP (more in Western UP and Bundelkhand), she needs a higher share to convert votes into seats as compared to the SP and the BJP. On this aspect,

### Mayawati's popularity stems from her adept handling of the law and order situation



### SP has the Yadav community and Muslims, and BJP has a strong hold on upper-caste votes. However, other backward caste communities are shifty

a prospective BJP candidate reflects, "Yes, they have a big vote bank, but they lack critical mass. Don't be surprised if BSP fails near the finish line by a margin of 10,000-15,000 votes in a large number of constituencies".

#### Caste equations will dominate the election, as usual

"BJP's 42% vote share and thumping victory in the 2014 Lok Sabha elections was similar to Rajiv Gandhi's win in 1984. Both the elections were outliers, as caste equations were broken. This election will not follow that path. Caste equations will dominate this election," says Sujit Ghosh, a political observant and dalit activist with inclinations towards the BSP. "Why do you think BJP is not announcing a CM candidate? Any candidate they announce will upset their caste vote banks. An upper-caste candidate would mean a loss of OBC votes and an OBC candidate would mean a loss of upper-caste votes. They are in a tight spot," he reckons.

Mayawati's strength comes from her core support group – Dalits – who constitute around 21% of the population in Uttar Pradesh, and more than half of whom belong to Jatavs. At the same time, she has pockets of influence among Brahmins and Muslims that had propelled her to 30% vote share and 206 seats in 2007. Muslims won 29 out of 61 seats that they contested under BSP while Brahmins had won 40 seats. Muslims constitute around 17% of the population and Mayawati has given them 100 tickets in the current elections.

Other parties have their own strong vote banks – like SP has the Yadav community and Muslims, and BJP has a strong hold on upper-caste votes. However, other backward caste communities are shifty; not only that, even some upper-caste votes tend to shift bases. In the current state of affairs, the on-the-ground developments have been interesting, with major upper-caste leaders of the BSP looking at shifting base to BJP. Even some BSP Dalit leaders are in the process of changing bases. Ground level developments and organisation capabilities will be the key to the election outcome, especially for BJP, which is still in the process of getting its act together.





### Akhilesh's development drive: A little too late?

"Akhilesh has earned his development credentials. Sadly, people think he has no control over administrators and police. Governance has suffered due to multiple power centres," says a local journalist. This theme has emerged across the electorate despite different political affiliations of the respondents. Public orderliness is viewed somewhere between sad to shocking, depending on the political leanings of the respondents. A sense of lawlessness, especially in eastern UP, has fuelled strong anti-incumbency – thereby queering the developmental pitch of the Akhilesh-led government. A section of Jatavs and OBCs, who generally vote for Mayawati, but had opted for an Akhilesh-led government in the last assembly elections, are likely to desert him in this election. Even so, SP is still in the game, partly due to the loyal vote banks nurtured and developed by Mulayam Singh. SP has a core vote bank of 16-18%, which largely comprises of Yadavs that are still loyal to him. While SP won just 22% of the vote share in the 2014 general elections, it retained 58% of Muslim votes and 53% of Yadav votes (BJP had won 27% of them, part of which may go back to SP). Muslims still feel SP is best suited for their interests, especially in providing security.

***A sense of lawlessness, especially in eastern UP, has fuelled strong anti-incumbency***

	CM preference	Comments
Akhilesh	33	Most preferred candidate despite 59% wanting a different party in power
Mayawati	28	Seen as the best alternate
Any BJP leader	26	Hurting in the absence of a strong face that people can put their faith into
Sheila Dixit	5	Also ran
Others	8	

Source: Huffingtonpost- Cvoter survey between 1-31 Aug 2016

With big-ticket projects like Delhi-Agra expressway, the Lucknow metro project, and the Gomti river-front project, electorates agree that development work has increased significantly in the last two years. Another factor that helps the SP is that it has been eating up the Congress vote in the past elections, and with the weakening of the Congress and its subsequent focus on the upper-caste vote, SP can gain at the expense of the Congress. As SP's vote is not as uniformly distributed as BSP'S, it does not need as big a vote share as BSP to win a majority – for example in 2012, with a 29% share, it garnered 224 seats while BSP got only 206 seats for 30% share in 2007.

Also interestingly, in the recent family tussle between Akhilesh and Shivpal, Akhilesh seems to be emerging as a stronger leader, just in time. In an opinion poll conducted by C-voter before the recent political drama between Samajwadi party stalwarts, Akhilesh was the most preferred CM candidate with 33% votes but the anti-incumbency was as high as 59%. After this episode though, his favourability may gain a few points, which may matter in a closely contested tripartite election.





### Saffron can still spread its wings

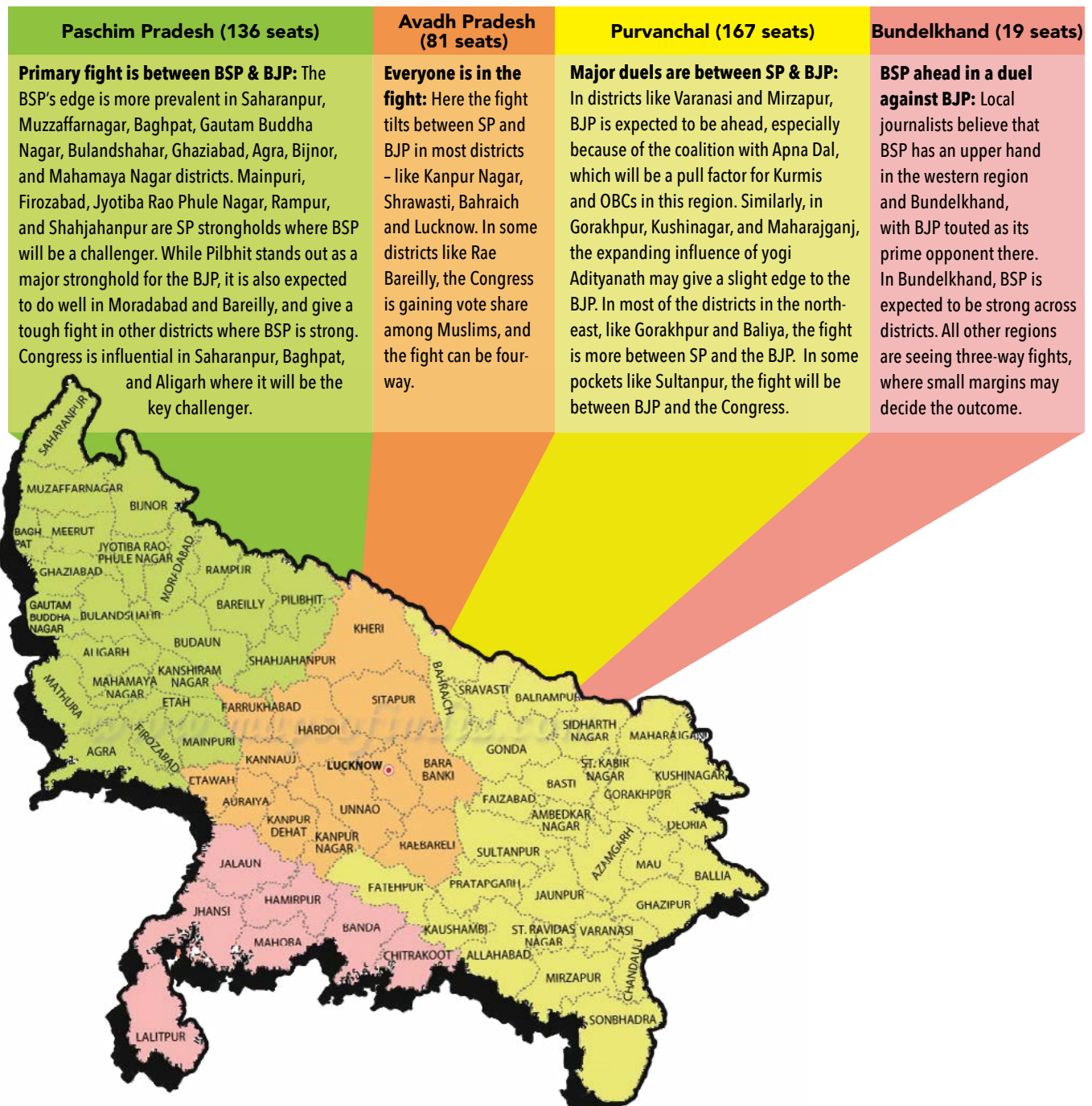
“Removing corruption, job prospects, and improvement in education is important to us. We feel that BJP should get a chance after a long time,” says a group of students from Lucknow University. BJP also has a fighting chance in this assembly election – both BSP and SP supporters paint BJP as the prime threat. While it is unlikely that BJP will repeat its 2014 performance of 42% vote share (mostly due to the ‘Modi wave’), it still enjoys popularity among a good section of youth, farmers, and its traditional vote bank. Sharat Pradhan, an eminent journalist well versed with UP, pegs BJP’s core vote at 10-12%. The common man in UP still believes in the efficacy and effectiveness of central government schemes like Mudra, gas connections, DBT and making fertilisers easily available for the farmers. “Hum sabko gas ka paisa seedha account pe aata hai. His (Modi’s) scheme of lacing fertilisers with a colouring agent has reduced hoarding for industrial use and made it more available for farmers,” says Ramgopal, an undecided voter as far as assembly elections are concerned.

***While it is unlikely that BJP will repeat its 2014 performance of 42% vote share, it still enjoys popularity among a good section of youth, farmers, and its traditional vote bank***

As such, Modi’s popularity is still high among those who voted for him in 2014, even if they vote for some other party in 2017. However, BJP suffers from the lack of a strong local personality – which would have helped accrue undecided votes. A good number of undecided voters who talked to Ground View were focused on the difference between a parliamentary election and an assembly one, and felt that a strong credible local leader was required to trust the development agenda.

# A war on many fronts

“BSP is strong in Western UP and Bundelkhand. If we are able to increase our vote share among Muslims, we will be able to win more than half of the seats in these two regions,” says Ramkumar, a Dalit activist with inclinations towards the BSP. “Our prime challenger is the BJP, not BSP. Mayawati is a spent force,” says an SP party worker from Lucknow. Uttar Pradesh has 403 assembly seats and the state can be broken down into these major regions – Paschim Pradesh, Bundelkhand, Avadh Pradesh, and Purvanchal. Dynamics of the battle in UP will vary by region.





## Swinging from the fences

“Gujjars, Lodhs, Lohar, etc., clubbed under ‘other OBC’, form a section of the silent vote. They don’t get as many benefits from the SP, as Yadavs corner those benefits; therefore, BJP has a slight advantage among them. Still, it is difficult to predict their move, as there is no homogeneity in this cross-section,” says a local journalist covering the elections. ‘Other OBCs’, who represent 26% of the electorate, are prime swing factors as the loyalties are divided. Historically, all parties have had some sort of support base among them. In 2007, when Mayawati won an overwhelming majority, this group had voted for the BJP in good numbers. Similarly, in 2014, they had voted for Modi, which suggests that with the state president of the BJP belonging to this group, the party may have a high retention level in this group of voters. However, since they have not particularly made up their mind, they can be a big force and give a boost to the election hopefuls.

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***‘Other OBCs’, who represent 26% of the electorate, are prime swing factors as the loyalties are divided***

## Power of adrenalin

“Youth will vote for those who are likely to improve their prospects. Educational reforms, improving curriculum, providing adequate infrastructure, requisite number of teachers, and generating employment opportunity,” says Keshav Singh, a youth student leader from Lucknow University. Youth form the other swing group – and this group had deserted party loyalties and voted for Modi in 2014. Some observers believe that youth would return to their (original) parties in large numbers in the upcoming election. However, Ground View’s interaction with youth in the age group 18-25 threw up a sketchier picture.

While impatience, disenchantment, and nonchalance are prevalent in this group, the election agenda is markedly different for them. They want an end to corruption, better job prospects, and educational reforms – not just handouts in the form of prizes for students passing 10th or 12th grade exams. However, no party seems to have a definitive roadmap to address their issues. Most parties seem to be giving half-baked solutions from the youth’s perspective, which are more or less the same thing promised to them earlier. Any party that provides a detailed road-map to address their issues can get a leg up on competition.



***Youth form the other swing group – and this group had deserted party loyalties and voted for Modi in 2014***



Vito Arcamano / Alamy

Women making offerings to the Ganges river at dawn in Varanasi

### Powerpuff women

“Women may not vote the same way as men, even among the party base,” says Ramkumar. While it is difficult to gauge the extent of this divergence, there is more discontent about law and order among this group. Observers suggest that even women from families who are loyal to the SP, are concerned about the deteriorating law and order situation. What is not discernible is how big that group is or who they trust more. While the image of Mayawati being an able administrator under whose rule miscreant activity was minimal may persuade them to vote for the BSP, a section of them may dither and vote for some other party – Congress or BJP – because of the inter-party equations.

### Mix and maths

“Every party is wooing the other’s vote-base. There will be a ghar wapasi (homecoming) of a good number of traditional votes who were attracted to Modi (in 2014). It’s going to be

a fight among equals,” is the common refrain across both BSP’s and SP’s loyal electorates – some of whom had themselves voted for the BJP. In 2014, BJP had gained 20% of Yadav votes, 13% of Jatav votes, 36% of other Dalits, 39% of Other OBCs vs. their average vote share in the last three elections. Some normalisation is expected from those lofty levels, as a section of these voters go back to the way they

### Average vote share of parties among different social groups

Social Groups	Weights	Average of '07, '09, '12 elections				
		BSP	SP	INC	BJP	Others
Brahmins	9	15	11	21	45	7
Rajputs	6	11	19	9	43	12
Vaishyas	4	14	12	16	50	11
Other upper castes	1	14	13	19	37	24
Jats	1.7	22	8	9	19	42
yadavs	9	8	70	6	7	9
Kurmis	3.4	18	23	16	27	15
Other OBC	25.9	23	24	13	21	17
Jatavs	14	77	8	4	5	5
Other SCs	8	58	13	16	9	4
Muslims	15	19	38	19	5	16
Others	3	26	26	14	21	14

### Vote-share across parties

Party	2007	2009	2012	2014
BJP	17	18	15	44
BSP	30	27	26	20
Congress	9	18	12	8
SP	25	23	29	22



voted earlier. Quantifying that appropriately can be one way of unravelling the UP jigsaw.

### Occam's razor

Based on the inputs received by Ground View, BJP doesn't seem to be losing much of the upper-caste votes it gained in 2014. Similarly, BSP will get back to its historical average Jatav votes and a good chunk of its other Dalit votes. While Mayawati is trying hard to attract Muslims to her fold from the SP, anti-incumbency is low among them, which may thwart her attempts and this section's vote is likely to favour the SP (might come close to 2014 highs). Akhilesh, on the other hand, can still get close to his 2012 highs for the Yadav and Muslim vote share. There will be a handful of seats that each party would try to win by playing strong candidates that do not belong to their core vote base, but is unlikely that the number will be high enough to give a decisive edge to anyone – as all three would play this game. Ground View looks at the scenarios that can play out based on the feedback received.

### Base scenario

BJP retains its upper-caste vote above 60%, Kurmis at 50%, and other OBCs at 40% from the respective highs of 75%, 53%, and 60%. BSP gets back its full share of Jatavs and the historical average share of non-Jatav Dalits, and gains five percentage points more than its historical average of the Muslim vote. SP retains its core votes at 2012 levels and gets back some of its Rajput votes from BJP. Such a scenario yields BJP a slight advantage of 29% vote share, with BSP at 28%,

#### Base case scenario of vote-share

Social Groups	Weights	BJP	BSP	SP
Brahmins	9	60	8	5
Rajputs	6	67	4	20
Vaishyas	4	65	7	12
Other upper castes	1	50	3	13
Jats	1.7	20	19	7
yadavs	9	10	3	75
Kurmis	3.4	50	4	17
Other OBC	25.9	40	20	20
Jatavs	14	5	85	3
Other SCs	8	11	50	10
Muslims	15	5	25	55
Others	3	21	26	26
<b>Total</b>	<b>100</b>	<b>29</b>	<b>28</b>	<b>25</b>

and SP at 27%. Good booth-level management (which is very important for BJP, as the turnout is lower among its set of voters) could propel BJP to become the single-largest party.

### Next scenario – Queen's gambit accepted

BSP's gambit of wooing Muslims instead of Brahmins (like party leader Mayawati did in 2007) yields meaningful success. She could even reach some sort of arrangement with the Congress (which has a 14% Muslim vote share on an average). Ground View estimates that BSP can get as high as a 31% vote share. In such a scenario, GV assumes that BJP needs to retain its upper-caste vote share highs. The OBC vote, too, is assumed to be retained at 2007

#### Queen's gambit accepted scenario

Social Groups	Weights	BJP	BSP	SP
Brahmins	9	72	8	5
Rajputs	6	77	4	16
Vaishyas	4	70	7	10
Other upper castes	1	55	3	13
Jats	1.7	20	19	7
yadavs	9	10	3	70
Kurmis	3.4	30	4	30
Other OBC	25.9	40	23	21
Jatavs	14	5	84	3
Other SCs	8	11	50	10
Muslims	15	5	40	35
Others	3	21	26	26
<b>Total</b>	<b>100</b>	<b>30</b>	<b>31</b>	<b>21</b>

highs. Under this calculation, BJP can get 30% vote share and will need to make more gains among other OBCs. SP turns out to be the big loser, settling at 22% vote share. This scenario yields Mayawati as the Queen.

### Opinion polls suggest a hung assembly, but it could evolve decisively as polling nears

The two latest opinion polls conducted in August (around the period that Ground View was undertaking the UP

***Poll trends suggest that with elections coming closer, BSP has been losing ground and that SP is the prime beneficiary***



excursion) foresee a hung assembly if elections were to happen right now. According to IndiaTv – Cvoter, BJP is neck-in-neck with SP each winning 133-150 seats while BSP is winning 95-111. The ABP News – Lokniti CSDS poll puts SP at 141-151 seats with a vote share of 30% ahead of BJP’s 124-134 with a vote share of 27%. BSP is expected to tally 103-113 seats with a vote share of 26%. The previous poll by ABP News- Cicero, conducted in July, stated that 32% of the respondents across 10 constituencies believe BJP would form the next government, followed by 26% for SP, and 24% for BSP.

However, the opinion poll conducted by ABP News in March suggested that BSP would be the frontrunner – with 185 seats and 31% vote share, followed by BJP with 120 seats and 24% vote share, and SP at 80 seats and 23% vote share. Poll trends suggest that with elections coming closer, BSP has been losing ground and that SP is the prime beneficiary. The latest poll by India TV – Cvoter also indicated that SP would win 50% of the Muslim votes and BSP 22% – thereby suggesting that the Queen’s gambit is not yet working.

From analysing the break-up of the vote share of these polls, their general directional trend seems to be in line with the findings of Ground View, especially with the allocation of core votes of each party. However, GV is slightly ahead of the polls in allocation – as it pegs the upper-caste votes to BJP at 63% com-

## ***Other OBCs seem to hold the keys to the election, and a decisive shift by them could determine the outcome of the next UP elections***

pared to ABP Cicero’s 55%, Jatav votes to BSP at 84% compared to 77%, and Yadav votes with SP at 75% compared to 68%. However, it seems that Ground View is overestimating the chances of the Queen’s gambit – as ABP-Cicero sees BSP winning only 18% of the Muslim votes while India TV- CVoter pegs this at 22%.

As such, other OBCs seem to hold the keys to the election, and a decisive shift by them could determine the outcome of the next UP elections. In their vote share, BJP holds a slight edge, with ABP-Cicero giving them 38% vote share vs. 23% for BSP and 19% for SP – again around the historical average and similar to Ground View’s estimates. With 89 seats in Uttar Pradesh being determined by fewer than 5,000 votes in 2012, the in-swingers can radically change the outcome. The other key factor that could bring it home for the BJP is higher turnout among its core support groups, which has been traditionally lower compared to SP’s and BSP’s turnout. As such, micromanagement to ensure that its “20mn BJP voters in UP” vote for the party would be the most important from its perspective.

***GV is slightly ahead of the polls in allocation – as it pegs the upper-caste votes to BJP at 63% compared to ABP Cicero’s 55%, Jatav votes to BSP at 84% compared to 77%, and Yadav votes with SP at 75% compared to 68%***



## Four musketeers in the fray



Credit: Prabhat Kumar Verman/Pacific Press/Alamy Live News

Allahabad, India. March, 2014. Samajwadi Party's president Mulayam Singh Yadav, Uttar Pradesh Chief minister Akhilesh Yadav and Cabinet minister Azam Khan greet the public during the "Desh Bachao Desh Banao Maha rally" as part of the party's political campaign for the general elections later that year.

### Samajwadi Party: Family matters

"I had asked Akhilesh during the 2012 elections, on the day of counting, about his best-case estimate – and he had told me 185 to 190 seats, but the party came to power with a thumping majority of 224 seats. The seat-share conversion with slim 3.6% vote share lead was the highlight of the election. His 'clean youth' image worked for SP," muses a leading journalist in UP. This image still stands tall in SP's campaign posters, detailing the achievements of the SP government – such as the Lucknow Metro project or the Delhi-Lucknow Expressway, but people have a very different story to tell.

"We will get BJP to win this time. We voted for SP last

time, but they did not keep their promises," says Ravinder Yadav, a local cab driver in the capital city of Lucknow. When quizzed further about his disgruntlement with the party, he adds, "Papers don't move in government offices, law and order situation has deteriorated; don't know who exactly is in charge". The public perception of the Samajwadi Party led by Akhilesh Yadav is one of ineffective governance. The complicated power equations within the family have compounded the perception problem further.

#### **United we stand?**

Before Akhilesh Yadav became its face, Mulayam Singh, his brothers, and Azam Khan were the Samajwadi Party's main drivers. The most prominent of Mulayam's brothers are Shivpal Singh Yadav and Ram Gopal Yadav. Shivpal is a cabinet minister in the current UP government and holds

many key portfolios. Ram Gopal is a member of the Rajya Sabha, representing the Samajwadi Party. Apart from Shivpal Yadav, Azam Khan also holds quite a few important portfolios in the UP government. While Akhilesh Yadav has been the face of the SP party over the last five years, Mulayam Singh and his brothers, along with Azam Khan, have continued to dominate UP politics. In a recent media interview, Ram Gopal Yadav said “We have some differences, but this dispute is not in our minds” – trying to make light of the situation and indicating that this kind of discord is not exclusive to his party.

However, recently the internal rift between Akhilesh and Shivpal is out in the open with Akhilesh reducing the number of key portfolios held by Shivpal and Shivpal replacing Akhilesh as the UP’s party chief. While Mulayam Singh has always favoured Shivpal over Akhilesh in the past few internal discords, including this one, local journalists say that this public fallout is more because of the Akhilesh’s forcefulness as he tries to leave his imprint on the party and emerge as the more powerful of the two leaders. Local journalists also feel that Mulayam has historically been able to keep his flock together and it is difficult to see a public split in the party. Nevertheless, if an amicable solution is not reached about who SP’s next CM candidate will be, SP’s position going to election may weaken.

### Social quotient missing...

Amidst all the family confusion, work on infrastructure has seen credible progress, but the larger question that continues to linger is whether Akhilesh will get the credit for the work done in the last two years. The

**As the SP has a majority government and its track record in some cases, especially in delivering infrastructure projects in the last two years is not too bad, the anti-incumbency factor dilutes**

other problem with Akhilesh’s government has been the inefficient handling of social schemes promised in the 2012 election campaign. The distribution of free laptops to students passing 12th grade was discontinued after two years. Doles to Muslim girls passing 10th standard was seen as appeasement, so it had to be extended to everybody. This ineffective handling of social schemes has even affected the party’s core voter base.

### ...but, the ‘Mulayam’ factor still rings strong with people

“Mulayam does not do politics when it comes to relationships. He will stand by his people through thick and thin. His ability to organise and galvanise people is still second to none in the UP,” says SP Rai, a retired state government employee. Mulayam Singh retains the capability to draw considerable votes on his own, and after Mayawati, he has the second-largest captive vote bank. This continues to be the strength of the SP party. “The Yadav community people frequently crib and are quite vocal about their distaste for the party, but when Mulayam appeals to them, they don’t leave his side and vote for the SP. This happens every time,” affirms a leading local journalist.



## Mulayam Singh Yadav

MP Lok Sabha,  
National president, Samajwadi party.

## SON

### Akhilesh Yadav

Chief minister of UP. State president SP

## Akhilesh’s wife

### Dimple Yadav

MP Kannauj

## MULAYAM’S BROTHERS

<p><b>Shivpal Yadav</b> Minister, UP</p> <p><b>Sarla</b> (Shivpal’s wife) State govt. representative, District Co-op Bank, Etawah</p> <p><b>Aditya</b> (Shivpal’s son) Chairman, Pradeshik Co-op Federation</p>	<p><b>Rajpal Yadav</b></p> <p><b>Premlata</b> (Rajpal’s wife) Chairman, district panchayat, Etawah</p> <p><b>Abhishek alias Anshul</b> (Rajpal’s son) Likely to contest panchayat polls</p>	<p><b>Abhay Ram Yadav</b></p> <p><b>Dharmendra</b> (Abhay Ram’s son) MP, Badaoun</p> <p><b>Anurag</b> (Abhay Ram’s son) national secretary yuvjan sabha</p>	<p><b>Ramgopal Yadav</b> Rajyasabha MP</p> <p><b>Akshay</b> (Ramgopal’s son) MP, Ferozabad</p>	<p><b>Arvind Yadav</b> Ex-block head</p> <p><b>Tejpratap</b> (Mulayam’s grandnephew) MP, Mainpuri</p>
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## The biggest swing factor

As the SP has a majority government and its track record in some cases, especially in delivering infrastructure projects in the last two years, is not too bad, the anti-incumbency factor dilutes – especially away from the capital towards the hinterlands. The general mood does not seem to favour the SP coming to power again, but it still clearly has a fighting chance. SP can make or break fortunes for both BSP and BJP, depending on how the Muslim and upper-caste votes move.

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## House of Saffron and Green: Faceless men

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“People do not know who they are voting for in case of BJP, as they have not yet declared their CM candidate,” says Aditi Phadnis, leading journalist with the Business Standard. BJP has declared KP Maurya as the campaign chief, but his credentials are not as strong as past BJP chief minister Rajnath Singh’s or Kalyan Singh’s. The biggest issue for the upcoming election is the state of the law and order. It is widely believed that Mayawati’s iron hand style of working brings this situation under control. This kind of grip is perceived as lacking in BJP’s current leadership and the general question posed by people is “which leader in the BJP is capable of providing clean and strong governance?” People clearly make the distinction that leadership in the state matters more than central leadership when it comes to law and order. “After Narendra Modi’s move to Delhi, the Gujarat model has flagged,” points out Ramkumar, a Dalit activist.

## A sun rises in the east



BJP is not short of leaders says Harish Srivastav, spokesperson of BJP’s UP unit. He adds that announcing or not announcing a CM candidate is a matter of election strategy – and nothing else; but, this is often seen by the people as a sign of weakness. However, BJP has one very strong leader in eastern UP – Yogi Adityanath. A highly accessible five-time parliamentarian, Adityanath is known to be

## *BJP will have a great chance if voter turnout is strong and booth management is solid*

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a very capable administrator, but his relations with BJP have been strained in the past. His extreme right-wing views do not go down very well with the public at large, and his imagery often contradicts PM Modi’s ideology of “sabka sath, sabka vikas”. However, Yogi is one the few BJP leaders in the UP with a strong vote bank and immense public following. He was touted to be the CM candidate sometime back, but now the chances seem remote. Another strong BJP leader with a vote bank is the past Chief Minister Kalyan Singh, but he is far past his prime. While Rajnath Singh is considered as a good pivot and able administrator, he is more likely to be used as a star campaigner and not a CM candidate at this point, unless BJP feels that a clear majority is possible under his stewardship.

## **It’s all about execution, a lot of other things, and then some....**

One way to look at UP elections is to only manage caste equations well. “People are running out of the BSP to join the BJP,” says Swatantra Dev Singh, a senior BJP state leader. Two recent inductees from BSP – Brajesh Pathak and SP Maurya – will be instrumental in driving key Brahmin and Dalit votes. BJP will have a great chance if voter turnout is strong and booth management is solid. The party’s leadership, including national party leader Amit Shah, has been stressing ground management and execution. For this, tech-savy analytics-oriented karyakartas from Delhi have been assigned to ‘Mission UP’. If BJP manages to get a decent share of OBC votes, it is very likely that it will get through, but the experience of recent elections has not been very favourable for an ‘execution-only’ strategy, as small vote share swings could decisively turn the elections.

The factors at work here are the achievements of the central government – where BJP is increasingly being perceived as a party that stands for the poor. A right communication strategy will help the party, but it might still be a play of caste equations that will be the deciding factor.

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***“People do not know who they are voting for in case of BJP, as they have not yet declared their CM candidate.”***

Aditi Phadnis, leading journalist with the Business Standard



4<sup>th</sup> Sep, 2016. BSP Workers garland Mayawati during an election campaign rally at Pared Ground in Allahabad.

© Prabhat Kumar Verma/Pacific Press/Alamy Live News

## One Sister to rule them all!

“When Mayawati came to my constituency, all the engineers went crazy. They repaired the roads overnight. Everything was in hyper-drive mode. Her persona evokes fear in the minds of bureaucrats and local MLAs alike. I have never seen any other Chief Minister having such a solid grip on the bureaucratic machinery and governance,” says Vipul Rai, an EPC contractor based in Eastern UP. The Bahujan Samajwadi Party (BSP) founded by Kanshiram in 1984 is now completely dominated by Mayawati. “We vote for Behenji (referring to Mayawati as sister) – don’t know who will contest from our constituency,” says Sandesh Maurya from Chandauli district in Eastern UP on being quizzed about the local BSP candidate. BSP’s voter base is deeply dedicated to Mayawati, and in the districts, local candidates are inconsequential. However, as BSP needs a higher vote share to corner the majority, Mayawati’s ability to hold on to the upper caste votes and improve her Muslim vote share will decide BSP’s fate in the elections.

Her reputation of an iron hand is admired by many, but that is not sufficient to win elections and achieve majority. “Mayawati is only interested building parks and statues. Her love for stone statues will be the cause of her political demise,” quips Sanjeev Mishra, a graduate student in Lucknow University, who does not see the BSP as a viable alternative. Mayawati’s appeal amongst the youth is limited, but it presents her with a significant opportunity – as youth votes could be one of the biggest swing factors in the elections. BSP’s strengths are evident and in a hung assembly situation, Mayawati could have a significant lead. The chances of her becoming the next CM of UP remain quite high.

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***Mayawati’s ability to hold on to the upper caste votes and improve her Muslim vote share will decide BSP’s fate in the elections***

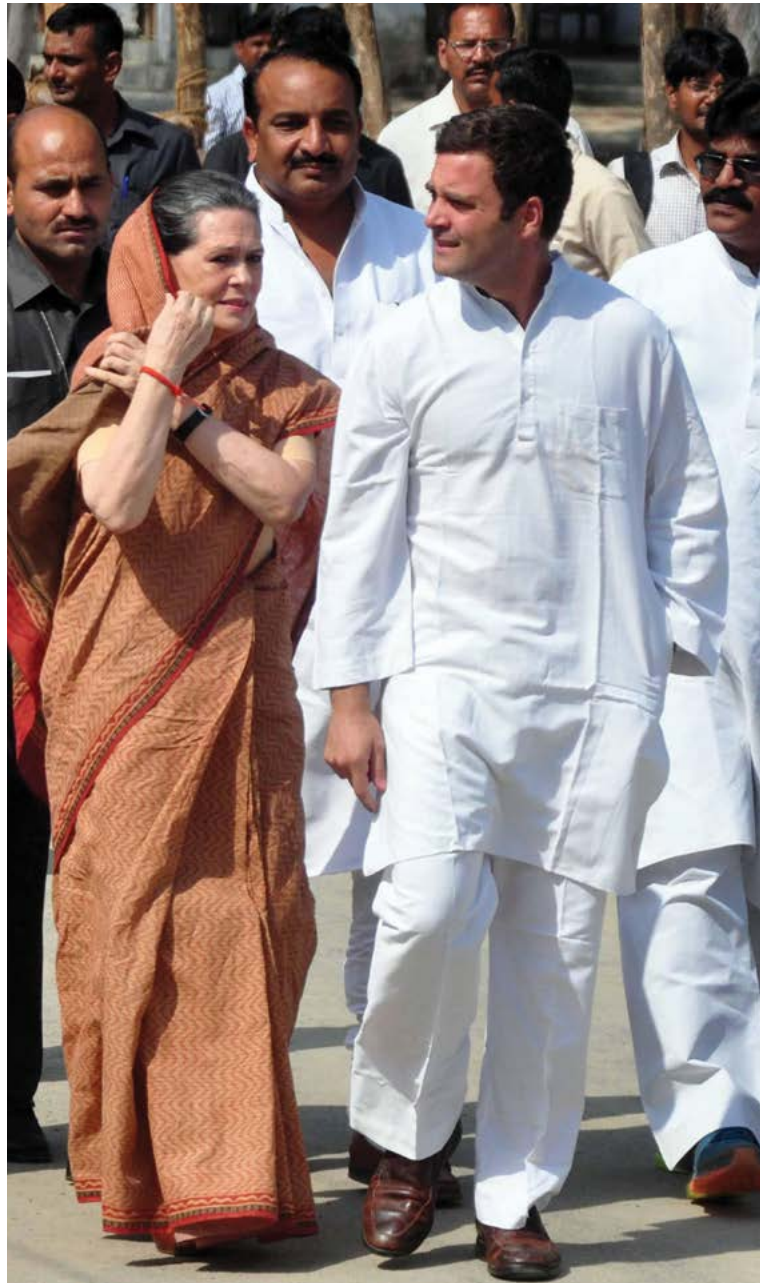


# Congress: Getting its Mojo back, or playing the kingmaker?

Most political discussions are quick to dismiss the Congress party as a spent force. However, it seems to be introspecting and trying to recover ground. It has appointed ace political strategist, Prashant Kishore, to devise its strategy for the UP elections. Congress is banking on Sheila Dixit as the Brahmin face to get its mojo back among Brahmin voters. It is also relying on its traditional Muslim support to help it in certain pockets in Avadh. While even diehard Congress supporters aren't talking about the party's strength, it is hoping to determine the election by winning 40+ seats and making as many seats a four-way contest as possible. Discussions with political observers tend to focus on a possible pre-poll alliance favouring the Congress. However, with elections expected to be closely contested at this point, both BSP and SP would want to increase their probability of success by contesting as many seats as possible. Lack of an attractive proposition and a lack of strong local leaders in their ranks who can pull the party through weaken the Congress' bargaining chips.

"They don't even have enough Karyakartas for manning the booths," scoffs Harishchandra Srivastava, UP spokesperson for the BJP. In an election where local priorities and solutions are seen as the main voting agenda, Congress seems to be in a gun-slinging mode with its campaign. In his recent travels across UP, Rahul Gandhi trained his guns on Mr Modi and did not focus on how the Congress party plans to deliver an able administration. While the slogan "27 saal, UP behaal" is catchy, Congress' strategy seems more inclined towards maintaining its relevance in the state. Currently, its campaign is trying to make inroads among Brahmins and Dalits while protecting its Muslim vote share from an encroaching SP. While Ground View rules out Congress gaining vote share among Dalits, despite the low base, it still retains some emotional

*Lack of an attractive proposition and a lack of strong local leaders in their ranks who can pull the party through weaken the Congress' bargaining chips*



Congress President Sonia Gandhi and Congress vice president Rahul Gandhi return after filling nomination for Loksabha election in Amethi on April 12, 2014.

support among Brahmins and Muslims in certain districts of the hinterlands. If Congress is able to mount a stronger campaign as the election nears (than is visible now), the best it can hope for is to play spoilsport, in the absence of any tacit alliances being stitched up.

Photo by Prabhat Kumar Verma/Pacific Press

# Will it make or break PM Modi?

Uttar Pradesh has delivered eight out of the fourteen Prime Ministers to India, but it has lagged India's economic growth because of its caste-dominated political equations. In the 2014 Lok Sabha elections, these caste equations broke apart, and people voted for development. This was a critical change in the state's political climate. However, 2017 elections may not see a huge departure from historical trends. While caste equations will still dominate headlines, swing factors and variables that need to be managed are increasing. Another interesting aspect of the recent assembly elections have been the decisive verdict. Opinion polls have often predicted close contests in the recent past, like Delhi and Bihar, but the results were quite decisive in favour of the leader.

As the election nears, it is most likely that UP's mandate could very well be decisive. BSP's initial lead is illusory, because of its dedicated voter base; additional votes matter more than anything else. This election is likely to be one of slim vote share margins, but could be heavy on seat share – and this can swing depending on execution capabilities.

## Breaking the cycle

Samajwadi Party and BSP have completely dominated UP state politics from the early 2000s. BJP and Congress have not been able to make any mark in this period. This time, the equations seem to be changing – with BJP likely to put up a strong resistance with an endeavour to break the cycle. The initiatives of the BJP government at the centre seem to have struck a chord with the people. PM Modi's government stands for the poor is a

***While PM Modi is BJP's star campaigner, Home Minister Rajnath Singh (past CM in UP) will also campaign during elections***

common refrain. The schemes of neem-coated urea, availability of gas connections, or reopening of a fertiliser plant in Gorakhpur, creating jobs for people, are helping BJP's image. However, the people of UP are politically very savvy. They understand the differences in policies of the central and state government.

"The central government has given money to the state government, but we have not received it because the state government has not yet distributed it to us," points out Sunil Kumar, an electric pole climber, about a certain monetary compensation amounting to Rs 2,000. He clearly differentiates between the efficacy of the central government and the role of the state government in executing the schemes. People in general have a high regard for PM Modi and his ability to maintain a connect with the people, because of his work in his Varanasi constituency, but they do not necessarily consider his influence to be significant enough in the intra-state politics.

## Sore losers or plain strategy

"If the BJP loses UP assembly elections, then it will definitely lose the Loksabha elections in 2019," says Ramkumar, a Dalit activist. Other political pundit disagree – Sharat Pradhan believes that "PM Modi's big game is the 2019 elections. His strategy is evolving, and the UP elections is just one move. He is keeping his cards close to his chest". Both scenarios have very interesting outcomes/interpretations. An undesirable outcome for the ruling party would be that of a bad loss in UP elections with less than 50 seats. In a three- or four-way fight, a bad loss could lead to shift in gears of the government's approach towards policies as well as spending.

Since coming to power, the central government has spent judiciously, worked on efficacy of schemes, and

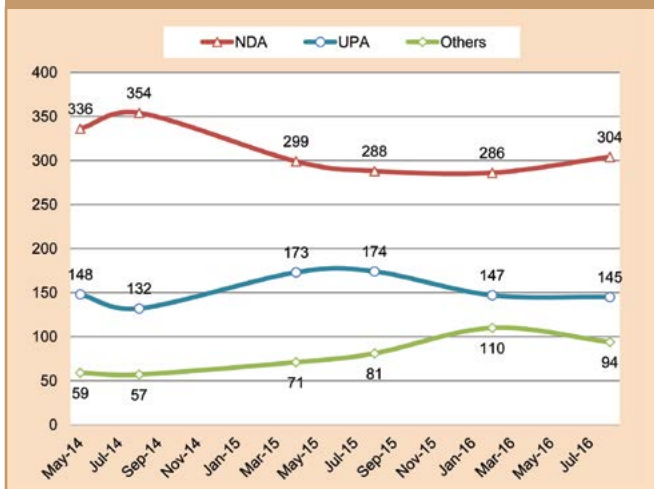
***The people of UP are politically very savvy. They understand the differences in policies of the central and state government***



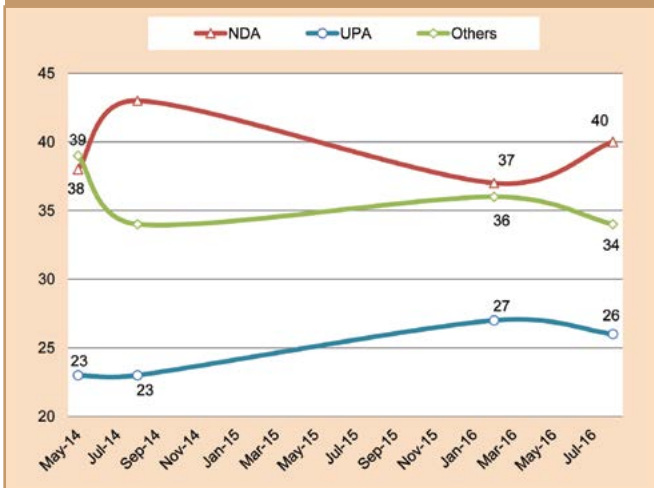
PM's approval rating



Lok Sabha seatshare



Vote-share projection



Source: Instavani, India Today

has evolved a framework of fiscal prudence. Surely, a bad loss will destabilise its current political machinery and there will be changes within the ruling party. Political parties seldom take losses well and tend to be sore losers. The current parliamentary logjams on less important issues are pretty much indicative behaviour of political parties.

Interestingly, after the rout in Delhi and Bihar elections, BJP has desisted from taking the route of being overtly populist. One reason for this is PM Modi's consistently high approval ratings, but more importantly, time has been in its favour. In the event of a bad loss for the ruling party in the UP elections, the time to recoup losses is limited. Lok Sabha elections will be just two years away after the UP elections (in comparison, they were almost four years away from the Delhi and Bihar elections). As political uncertainty rises, the chances of quick-fix populist solutions of dole outs will increase. This would hamper the country's economic situation when the global economic scenario is particularly precarious.

**A loss in UP may not change PM Modi's approval ratings**

While a loss for the ruling party would increase political uncertainty, it may not significantly alter the equations for the 2019 elections. "We voted for Modi and not the BJP in the 2014 Lok Sabha elections. He is doing a good job, but state elections are different. We will vote for Behenji in the assembly elections," says Mahendra Nishad Boudh from Sihorwa village in Gorakhpur district. People across UP still believe that voting for PM Modi in the 2014 elections was the right decision. While BJP could lose, and depending on vote share changes even with slim margins the loss could be heavy, it may not be a loss of face for PM Modi.

The last poll conducted by Instavani suggested that UP is one of the states where Modi's popularity, at 82%, is higher than the national average of 74%. "Considering the complicated structure of caste equations and swinging bases, if BJP manages a decent performance of garnering 140+ seats, worries for 2019 will be quelled and it will still feel comfortable with the policies it is undertaking at the centre," quips a leading political observer.



### **A brighter tomorrow?**

Not surprisingly, many dub the UP assembly elections as the semis for the central government's 2019 finale. Current newsfeed indicates that PM Modi will be the campaign mascot and a terrible loss could be interpreted as a personal rejection of the popular PM. On the other hand, both SP and BSP see BJP as their primary opponent – which means both the parties see BJP taking their vote share. People are willing to give BJP a chance, but need more convincing. PM Modi's aggressive campaigning and good communication strategy could be the potential winning factors for the BJP. Seat-share equations are favourable for the BJP, and at worst indicate a decent chunk. This election has the potential to change everything for the government as well as the markets for the better or for the worse, but the chances of 'for the better' seem brighter...for now.

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***Not surprisingly, many dub the UP assembly elections as the semis for the central government's 2019 finale***



# UNDERSTANDING THE PUZZLE OF BIHAR



Dinodia Photos / Alamy

**F**OR years, India pretended Bihar didn't exist. In the 1990s, it was a matter of shame to be called a Bihari – while IAS officers used all possible stratagems to avoid a state posting, even agriculture labour preferred to work in the fields of Punjab rather than in Bihar. The Indian state was in retreat in a province that needed it the most.

We know how this happened. Lalu Prasad first came to power in 1990 as chief minister of Bihar, the state with a reputation for being poorly administered and endemically problem-ridden despite being blessed

with fertile soil and plenty of river water. Being born in 1948, a year after the British left India, he belongs to the first generation of Indian politicians – with no experience of colonial rule. He began his political career, not with the high-minded idealism of the country's freedom movement, but in the rough-and-tumble of student politics that gripped India in the troubled 1970s, when economic growth was slow and inflation high. This coloured his language, his style, his satirical style of oratory, and his rustic if lumpen brand of politics.

After nearly two decades in the opposition, Prasad rode an anti-Congress wave to power. A milkman's son replacing the state's Brahmin chief minister! All of Bihar's low castes wanted to be him. He was a symbol of their hope.

On the strength of these feelings, Prasad was re-elected in 1995, but forced to step down in 1997 after being indicted for corruption in the famous 'chara ghotala' (fodder scam). He is now a convicted politician and cannot contest elections for the foreseeable future. Being shrewd enough to understand that resigning from office could spell political oblivion, Prasad pulled off the neat trick of getting his party to choose his unlettered and completely inexperienced wife to succeed him as chief minister.

His wife Rabri and he therefore ruled for 15 years, a period in which Bihar sat on the bottom rung of every socio-economic ranking in the country. Land reforms remained an incomplete revolution. Anything remotely resembling an industrial revolution passed the state by. It was almost as if there was a trade-off between the empowerment of the socially backward and economic progress. "Why do we need cars," Lalu would ask his voters, "when Bihar has no roads? And the poor use (oil-burning) lanterns, so what will you do with electricity?" To the modern mind, it was politics as caricature. But also as tragedy, because law and order had collapsed in the state capital of Patna – kidnapping for ransom was a growth industry, the health services suffered for want of medicines, and the government had no money to pay university and school teachers, who retaliated by not holding exams on time. Private armies organised along caste lines mushroomed. Bihar was slipping back into the middle ages.

And yet, Lalu Prasad kept his grip on politics. He became a staunch ally of the Muslims: In the run up to the demolition of the Babari Masjid, BJP chief LK Advani undertook several rathyatras, including one to Bihar. At that time (1990-91), Lalu was a part of the VP Singh-led National Front government at the centre that the BJP was supporting from the outside. After a great deal of dithering, Lalu

ordered that Advani be arrested in Samastipur, but (and this we know now, on the testimony of former Home secretary of Bihar Afzal Amanullah) lacked the courage to have him arrested. Amanullah was posted as the Deputy Commissioner of Dhanbad at the time, and refused to arrest Advani as clear orders were not given – because Lalu Prasad was in touch with VP Singh, who feared the government at the centre might fall as a result of such a move. In fact, later it did, but the incident revealed Lalu Prasad's duplicity on secularism. However, the Muslims kept returning to him because the BJP needed to be kept out.

In 2004, Lalu Prasad struck a deal with a weakened Congress. They fought the parliamentary elections together and his Rashtriya Janata Dal won 23 seats in the Lower House (out of 40 in Bihar). This gave him the licence to leave his state and come into his own on the national stage. He asked for and got the railway portfolio. However, there was no one to take care of things back home in Bihar. In the assembly elections in November 2005, The Nitish Kumar-led Janata Dal United (JDU) in alliance with the BJP came to power. This was the victory of Kumar, but also a good caste alignment. Upper caste, wealthy Muslims still found the BJP untouchable. But Nitish Kumar broke away the poor, low caste Pasmanda Muslims and forged an alliance of the lowest rung castes, regardless of their religion, to come to power. Kumar's first efforts were to restore the rule of law in the state. Kidnapping, which was a cottage industry, was ended, the bureaucracy was made responsive, and Kumar worked day and night to instil confidence. He focused on two things – education reform and road building. The budget allocated Rs 86bn for education in 2009-10, 30% higher than the previous year. The allocation kept on rising with incentives to keep children in school — like giving a million bicycles to all boys and girls in class 9, and cash transfers for uniforms, books, etc.

Kumar took on the health sector mafia in the state. He outsourced pathology services and revamped government hospitals with equipment, doctors, and nursing assistants. Both health and education typically have a long gestation period when it comes





Bihar, India. 11th Feb, 2015. Janata Dal (United)'s leader Nitish Kumar, Sharad Yadav, Rashtriya Janata Dal Leader Lalu Prasad Yadav with party members assembled at the residence of party president Sharad yadav in new delhi. Nitish Kumar met with President Pranab Mukherjee along with 130 supporting MLAs to show his majority and ask for the President's support to form a new government in Bihar. © Deepak Malik/Pacific Press/Alamy Live News

to political returns. In Kumar's case, they gave him a second term in power.

In Delhi, Modi's rise in national politics was obvious to everyone. In 2013, when he was made the chief of the BJP's campaign committee, Nitish Kumar announced the JDU was breaking its 17-year old alliance with the BJP. Disaster struck in 2014 Lok Sabha elections. The appetite of Biharis was now whetted. Expectations had been raised. Kumar kept warning his colleagues that they would have to run to stay in the same place in terms of performance. Events proved he was right. In the Lok Sabha elections of 2014, people rejected JDU and indeed, Kumar himself. Out of 40 seats, JDU just got 2. BJP under Narendra Modi got 22, the party's highest score ever. In April 2015, realising he needed an alliance partner, Kumar joined hands with Lalu Prasad, once his sworn political adversary. The new alliance romped home, giving Kumar a third term as Chief Minister. JDU won 71 seats out of the 101 seats it contested and the alliance won 178 seats out the 243 seats in the assembly. Subsequently, Nitish Kumar again became

the Chief Minister of Bihar but with a new partner – Lalu Prasad.

The Nitish-Lalu alliance changed everything. Entrenched interest groups found they were being swept away and replaced by new ones. The biggest symbol of this is the release on bail of Shahabuddin, the strongman of Siwan, whom Kumar pledged to put in jail and did. But Shahabuddin used to enjoy the patronage of Lalu Prasad. So who was ruling Bihar? Kumar? Or Lalu Prasad's family with the help of elements like Shahabuddin?

The people are yet to make up their mind. Kumar tried to gain the approval of women in the state when he rolled out his policy of prohibition. But come 2019, all that could pale into oblivion. There is no doubt that Nitish Kumar sees himself as the alternative to Narendra Modi. But do his supporters? And while he still has many, those who will stymie him from the top job are also many. The 2019 general election will likely be fought between Kumar and Modi. And it will be a riveting battle.

# Indian Economy – Trend Indicators

## Monthly Economic Indicators

Growth Rates (%)	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
IIP	3.0	2.5	4.2	4.3	6.3	3.7	9.9	-3.4	-0.9	-1.5	2.0	0.3	-1.3	1.2
PMI	51.3	52.6	51.3	52.7	52.3	51.2	50.7	50.3	49.1	51.1	51.1	52.4	50.5	50.7
Core sector	-0.2	4.4	3.0	1.1	2.6	3.2	3.2	-1.3	0.9	2.9	5.7	6.4	8.5	2.8
WPI	-2.4	-2.2	-2.1	-4.0	-5.1	-4.6	-3.7	-2.0	-0.7	-0.9	-1.0	-0.9	0.3	0.8
CPI	4.9	5.0	5.4	3.7	3.7	4.4	5.0	5.4	5.6	5.7	5.3	4.8	5.5	5.8
Money Supply	10.8	10.8	11.0	11.5	11.3	11.0	10.9	10.7	11.0	11.1	11.3	10.3	10.0	10.1
Deposit	10.7	10.8	11.4	11.8	11.9	11.3	11.1	10.4	10.9	11.1	11.0	9.9	9.3	9.5
Credit	9.2	8.4	9.5	9.4	9.0	7.5	9.0	9.8	11.1	11.4	11.6	11.3	9.2	9.8
Exports	-14.0	-20.2	-15.8	-10.3	-20.7	-24.3	-17.5	-24.4	-14.7	-13.6	-5.7	-5.5	-6.7	-0.8
Imports	-7.5	-16.5	-13.4	-10.3	-9.9	-25.4	-21.2	-30.3	-3.9	-11.0	-5.0	-21.6	-23.1	-13.2
Trade deficit <sup>(USD Bn)</sup>	-11.0	-10.4	-10.8	-12.8	-12.5	-10.5	-9.8	-9.8	-11.7	-7.6	-6.5	-5.1	-4.8	-6.3
Net FDI <sup>(USD Bn)</sup>	3.3	3.8	1.7	1.7	2.2	2.8	4.9	2.7	3.6	4.1	2.8	1.4	2.0	1.5
FII <sup>(USD Bn)</sup>	4.0	-2.8	-2.0	-0.7	-3.5	-2.4	4.5	-3.8	-2.6	-1.5	-2.4	4.3	1.1	-0.4
ECB <sup>(USD Bn)</sup>	7.3	2.4	3.2	2.1	0.8	2.6	2.1	3.2	3.0	1.4	1.4	1.5	0.3	1.3
Dollar-Rupee	63.4	63.8	63.7	64.1	66.5	65.6	65.3	66.7	66.2	67.8	68.4	66.2	66.3	67.3
FOREX Reserves <sup>(USD Bn)</sup>	344.6	352.5	355.2	353.3	355.4	350.0	353.6	351.6	352.1	349.2	346.8	355.6	361.6	360.9

## Quarterly Economic Indicators

Balance of Payment <sup>(USD Bn)</sup>	Q4FY14	Q1FY15	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16
Exports	83.7	81.7	85.3	79.0	70.8	68.0	67.6	64.9	65.8
Imports	114.3	116.3	123.9	118.3	102.5	102.2	104.7	98.9	90.6
Trade deficit	-30.7	-34.6	-38.6	-39.3	-31.7	-34.2	-37.2	-34.0	-24.8
Net Invisibles	29.3	26.7	28.5	30.9	30.2	28.0	28.6	26.9	24.4
CAD	-1.3	-7.9	-10.1	-8.4	-1.5	-6.1	-8.6	-7.1	-0.3
CAD (% of GDP)	0.3	1.6	2.0	1.7	0.3	1.2	1.7	1.3	0.1
Capital Account	9.2	19.2	16.5	23.6	30.7	18.6	8.1	10.9	3.5
BoP	7.1	11.2	6.9	13.2	30.1	11.4	-0.9	4.1	3.3

GDP and its Components <sup>(YoY, %)</sup>	Q2FY15	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16
Agriculture & allied activities	2.8	-2.4	-1.7	2.5	2.0	-1.0	2.3
Industry	6.2	3.4	6.9	7.1	8.5	10.3	9.2
Mining & Quarrying	7.0	9.1	10.1	8.5	5.0	7.1	8.6
Manufacturing	5.8	1.7	6.6	7.3	9.2	11.5	9.3
Electricity, Gas & Water Supply	8.8	8.8	4.4	4.0	7.5	5.6	9.3
Services	9.9	11.7	8.3	8.3	7.9	8.5	8.1
Construction	5.3	4.9	2.6	5.6	0.8	4.6	4.5
Trade, Hotel, Transport and Communications	8.4	6.2	13.1	10.0	6.7	9.2	9.9
Finance, Insurance, Real Estate & Business Services	12.7	12.1	9.0	9.3	11.9	10.5	9.1
Community, Social & Personal Services	10.3	25.3	4.1	5.9	6.9	7.2	6.4
GDP at FC	8.1	6.7	6.2	7.2	7.3	6.9	7.4



## Annual Economic Indicators and Forecasts

Indicators	Units	FY8	FY9	FY10	FY11	FY12	FY13	FY14	FY15	FY16E	FY17E
Real GDP growth	%	9.3	6.7	8.6	8.9	6.7	4.5	4.7	7.2	6.8	7.5
Agriculture	%	5.8	0.1	0.8	8.6	5.0	1.4	4.7	0.2	2.0	4.0
Industry	%	9.2	4.1	10.2	8.3	6.7	0.9	-0.1	6.6	5.7	6.7
Services	%	10.3	9.4	10.0	9.2	7.1	6.2	6.0	9.4	8.5	8.8
Real GDP	Rs Bn	38966	41587	45161	49185	52475	54821	91698	98271	104953	112825
Real GDP	US\$ Bn	967	908	953	1079	1096	1008	1517	1611	1615	1684
Nominal GDP	Rs Bn	49864	56301	64778	77841	90097	101133	113451	126538	137626	153212
Nominal GDP	US\$ Bn	1237	1229	1367	1707	1881	1859	1876	2074	2117	2287
Population	Mn	1138	1154	1170	1186	1202	1219	1236	1254	1271	1302
Per Capita Income	US\$	1087	1065	1168	1439	1565	1525	1518	1655	1666	1757
WPI (Average)	%	4.7	8.1	3.8	9.6	8.7	7.4	6.0	2.0	-2.0	4.0
CPI (Average)	%	6.4	9.0	12.4	10.4	8.3	10.2	9.5	6.0	5.0	5.0
Money Supply	%	22.1	20.5	19.2	16.2	15.8	13.6	13.5	12.0	12.0	13.0
CRR	%	7.50	5.00	5.75	6.00	4.75	4.00	4.00	4.0	4.0	4.0
Repo rate	%	7.75	5.00	5.00	6.75	8.50	7.50	8.00	7.50	6.75	6.25-6.5
Reverse repo rate	%	6.00	3.50	3.50	5.75	7.50	6.50	7.00	6.50	5.75	5.25-5.5
Bank Deposit growth	%	22.4	19.9	17.2	15.9	13.5	14.4	14.6	11.4	12.0	13.5
Bank Credit growth	%	22.3	17.5	16.9	21.5	17.0	15.0	14.3	9.5	10.0	12.0
Centre Fiscal Deficit	Rs Bn	1437	3370	4140	3736	5160	5209	5245	5107	5351	5339
Centre Fiscal Deficit	% of GDP	2.9	6.0	6.4	4.8	5.7	5.2	4.6	4.1	3.9	3.5
Gross Central Govt Borrowings	Rs Bn	1681	2730	4510	4370	5098	5580	5641	5920	5850	6000
Net Central Govt Borrowings	Rs Bn	1318	2336	3984	3254	4362	4674	4536	4531	4406	4252
State Fiscal Deficit	% of GDP	1.5	2.4	2.9	2.1	1.9	2.0	2.5	2.4	2.0	1.5
Consolidated Fiscal Deficit	% of GDP	4.4	8.4	9.3	6.9	7.6	6.9	7.1	6.6	5.9	5.0
Exports	US\$ Bn	166.2	189.0	182.4	251.1	309.8	306.6	318.6	316.7	270.0	283.5
YoY Growth	%	28.9	13.7	-3.5	37.6	23.4	-1.0	3.9	-0.6	-14.8	5.0
Imports	US\$ Bn	257.6	308.5	300.6	381.1	499.5	502.2	466.2	460.9	406.0	428.3
YoY Growth	%	35.1	19.7	-2.5	26.7	31.1	0.5	-7.2	-1.1	-11.9	5.5
Trade Balance	US\$ Bn	-91.5	-119.5	-118.2	-129.9	-189.8	-195.6	-147.6	-144.2	-136.0	-144.8
Net Invisibles	US\$ Bn	75.7	91.6	80.0	84.6	111.604	107.5	115.2	116.2	118.8	121.1
Current Account Deficit	US\$ Bn	-15.7	-27.9	-38.2	-45.3	-78.2	-88.2	-32.4	-27.9	-17.2	-23.7
CAD (% of GDP)	%	-1.3	-2.3	-2.8	-2.6	-4.2	-4.7	-1.7	-1.4	-0.8	-1.0
Capital Account Balance	US\$ Bn	106.6	7.8	51.6	62.0	67.8	89.3	48.8	90.0	50.4	75.5
Dollar-Rupee (Average)		40.3	45.8	47.4	45.6	47.9	54.4	60.5	61.2	65.0	67.0

Source: RBI, CSO, CGA, Ministry of Agriculture, Ministry of commerce, Bloomberg, PhillipCapital India Research

# PhillipCapital India Coverage Universe: Valuation Summary

Name of company	Sector	CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)	PAT (Rs mn)		EPS (Rs)	EPS Growth (%)		P/E (x)	P/B (x)		EV/EBITDA (x)	ROE (%)		ROCE (%)			
				FY16E	FY17E		FY16E	FY17E		FY16E	FY17E		FY16E	FY17E		FY16E	FY17E		FY16E	FY17E	
Chambal Fertilisers	Agri Inputs	64	26,822	106,626	105,340	8,258	3,619	3,692	9	36.9	2.0	7.4	7.2	1.1	1.0	6.9	6.6	14.4	13.3	6.9	6.9
Zuari Agrochemicals	Agri Inputs	171	7,181	51,046	54,930	2,470	3,230	181	4	-66.8	358.3	39.8	8.7	0.9	0.8	11.4	8.1	2.2	9.5	0.6	2.7
Rallis India	Agri Inputs	217	42,278	16,417	18,660	2,433	2,934	1,323	7	-15.9	23.8	32.0	25.8	4.7	4.2	17.8	14.5	14.7	16.4	13.3	15.1
Tata Chemicals Ltd	Agri Inputs	476	121,328	181,331	190,743	23,766	26,245	8,950	35	11.8	14.9	13.6	11.8	2.0	1.8	7.8	6.8	14.6	15.1	8.4	9.2
Kaveri Seeds	Agri Inputs	376	25,954	9,247	11,136	2,080	2,784	1,990	29	-33.9	42.8	13.0	9.1	2.9	2.3	11.5	8.2	22.1	25.7	23.4	27.5
United Phosphorus	Agri Inputs	614	263,163	128,903	141,881	25,315	27,296	11,375	27	-3.3	18.6	23.1	19.5	4.1	3.7	11.2	10.3	18.5	19.8	16.0	16.1
Monsanto India	Agri Inputs	2,282	39,385	4,943	5,764	890	1,043	790	46	-26.9	21.0	49.8	41.2	10.3	10.4	43.5	37.0	20.6	25.3	17.9	19.8
PI Industries	Agri Inputs	786	107,727	22,849	27,361	4,477	5,355	2,871	21	16.7	26.7	37.4	29.5	9.4	7.5	23.8	19.5	25.3	25.3	26.1	26.0
Coromandel Inte	Agri Inputs	256	74,622	98,386	105,672	7,489	9,763	3,371	12	-16.8	47.3	22.1	15.0	2.7	2.4	11.4	8.4	12.0	16.1	13.7	17.2
Tata Motors	Automobiles	516	1,659,385	2,726,458	2,714,045	412,184	456,338	110,565	34	-21.5	44.0	15.0	10.4	2.1	1.7	4.8	4.3	13.7	16.7	8.4	8.1
Bharat Forge	Automobiles	814	189,564	75,501	75,564	14,213	14,233	6,550	28	-8.8	11.7	28.9	25.9	4.9	4.3	14.2	13.8	16.9	16.8	12.6	13.2
Mahindra & Mahindra	Automobiles	1,484	921,701	388,566	449,920	51,988	55,659	32,919	56	6.4	4.2	26.7	25.6	3.9	3.5	17.8	16.5	14.7	13.8	12.4	11.9
Ashok Leyland	Automobiles	88	250,722	185,771	214,973	21,660	24,432	11,112	4	375.1	21.6	22.6	18.6	4.6	3.8	11.8	10.0	20.2	20.2	15.7	17.1
Apollo Tyres	Automobiles	175	89,054	118,404	118,681	19,241	18,752	10,269	20	-3.1	-11.3	8.7	9.8	1.5	1.3	4.9	5.4	18.6	14.1	15.8	12.3
Maruti Suzuki	Automobiles	4,942	1,492,774	563,504	649,904	89,785	100,121	45,714	151	23.2	40.0	32.7	23.3	5.5	4.7	16.6	14.9	16.9	20.0	16.6	20.0
Mahindra CIE	Automobiles	180	58,275	36,775	54,170	3,781	6,497	1,652	5	12.5	90.4	35.2	18.5	2.9	2.6	18.1	9.4	8.2	14.0	5.7	12.1
Bajaj Auto	Automobiles	2,862	828,197	222,528	261,257	47,796	55,203	36,525	126	15.8	19.9	22.7	18.9	6.7	5.5	17.2	14.5	29.7	29.3	28.1	30.5
Hero MotoCorp	Automobiles	3,444	687,714	281,605	321,945	44,470	49,032	31,324	157	23.3	11.0	22.0	19.8	8.7	7.2	15.4	14.1	39.4	36.5	38.1	35.2
Escorts Ltd	Automobiles	264	32,311	34,561	37,721	1,600	2,691	1,039	9	-1.4	64.9	30.3	18.4	1.7	1.6	20.6	11.9	5.5	8.5	5.1	8.0
Cummins India	Capital Goods	857	237,450	48,074	56,014	8,184	10,074	7,992	29	14.9	13.9	29.7	26.1	7.4	6.7	28.9	23.5	25.1	25.7	21.6	22.7
Engineers India	Capital Goods	220	74,193	15,978	15,186	1,736	2,195	2,722	8	-17.6	3.0	27.2	26.5	2.7	2.7	28.6	23.2	10.1	10.1	10.2	10.3
Siemens	Capital Goods	1,294	460,731	103,609	112,998	8,137	10,259	6,169	17	73.7	39.1	74.7	53.7	9.7	8.9	53.5	41.6	13.0	16.6	10.6	13.6
Crompton Greaves	Capital Goods	81	50,516	127,703	142,459	6,220	8,709	1,486	2	-19.3	140.8	34.0	14.1	1.3	1.2	10.8	7.4	3.7	8.4	3.2	6.5
VA Tech Wabag	Capital Goods	583	31,792	28,942	33,622	2,388	2,883	1,225	23	9.6	21.0	25.8	21.4	3.2	2.9	12.9	10.9	12.3	13.4	9.8	10.6
Vollas	Capital Goods	349	115,429	55,468	58,401	3,326	4,615	2,711	8	-18.5	36.1	42.6	31.3	5.0	4.5	34.4	24.2	11.8	14.3	12.0	14.9
BHEL	Capital Goods	138	337,035	258,137	295,131	-10,904	15,208	-5,473	-2	n.a.	n.a.	-61.6	27.5	1.0	1.0	-17.6	14.5	-1.6	3.5	-1.2	2.8
Alstom T&D	Capital Goods	348	89,194	41,950	43,904	3,793	4,236	1,821	7	40.5	15.1	49.0	42.6	6.1	5.7	23.7	20.8	12.4	13.4	12.4	13.1

NOTE: For banks, EBITDA is pre-provision profit



# PhillipCapital India Coverage Universe: Valuation Summary

Name of company	Sector	CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)	P/B (x)	EV/EBITDA (x)	ROE (%)						
				FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E				FY16E	FY17E	FY16E	FY17E			
ABB India	Capital Goods	1,219	258,412	81,403	92,625	7,125	8,633	2,999	3,885	14	18	15.8	29.6	86.2	66.5	36.3	29.9	10.0	12.1	9.5	11.0		
Larsen & Toubro	Capital Goods	1,512	1,409,383	1,017,884	1,127,411	119,264	138,973	44,079	54,793	47	59	-0.2	24.3	32.1	25.8	20.0	17.1	20.0	17.1	10.0	11.4	4.4	4.9
KEC International	Capital Goods	141	36,198	87,242	93,074	6,769	7,531	1,807	2,290	7	9	59.4	26.7	20.0	15.8	2.4	2.2	8.5	7.4	12.2	13.8	9.5	10.3
Thermax	Capital Goods	865	103,023	54,828	51,416	4,676	4,543	2,825	2,720	24	23	21.0	-3.7	36.5	37.9	22.3	22.2	22.3	22.2	12.2	11.0	9.6	8.6
Inox Wind	Capital Goods	219	48,511	42,332	49,830	6,764	8,519	4,531	5,715	20	26	71.0	26.1	10.7	8.5	2.8	2.2	8.3	6.6	26.1	26.3	18.0	18.3
Alstom India	Capital Goods	603	40,505	23,144	27,900	1,174	1,741	918	1,470	14	22	-33.8	60.1	44.1	27.6	24.6	15.7	8.0	8.0	8.0	8.0	8.5	25.8
Dalmia Bharat Ltd	Cement	1,446	128,404	63,672	81,114	15,079	20,304	1,908	5,205	22	59	172.5	67.2	24.7	3.3	3.4	12.9	9.3	4.9	4.9	13.8	5.8	8.2
Shree Cement	Cement	16,681	581,123	55,677	86,332	13,202	27,394	4,549	12,569	174	361	42.3	107.2	95.8	46.2	43.8	20.5	9.8	17.5	9.8	17.5	9.5	16.7
Mangalam Cement	Cement	293	7,812	8,330	9,293	350	1,115	-205	242	-8	9	n.a.	n.a.	-38.2	32.3	1.6	1.5	36.0	11.6	-4.1	4.7	0.6	5.0
OCL India	Cement	733	41,711	25,362	29,529	4,385	5,857	2,047	3,224	36	57	50.6	57.5	20.4	12.9	3.0	2.5	9.5	6.7	14.6	19.5	11.9	17.5
JK Lakshmi Cement	Cement	427	50,233	26,352	33,061	2,711	4,971	233	1,393	2	12	-86.1	497.5	215.5	36.1	3.7	3.4	25.1	13.6	1.7	9.5	4.7	8.1
JK Cement	Cement	749	52,355	37,557	37,763	5,105	6,005	634	1,502	9	21	-49.2	136.9	82.6	34.9	3.2	3.1	15.7	13.1	3.9	8.8	5.0	6.4
HeidelbergCement	Cement	128	29,040	16,281	18,694	2,105	2,904	387	1,020	2	4	n.a.	163.8	75.1	28.5	3.2	2.9	17.0	12.1	4.3	10.2	5.5	8.3
India Cement	Cement	123	37,829	48,654	60,035	8,665	10,226	1,444	2,601	5	8	n.a.	80.1	26.2	14.5	1.1	1.1	7.4	6.0	4.2	7.3	6.1	7.5
Ambuja Cement	Cement	276	428,169	93,880	105,005	14,489	18,628	8,079	10,699	5	7	-45.8	32.3	53.0	40.0	4.2	4.0	26.1	20.3	7.9	10.0	7.3	9.3
ACC	Cement	1,721	323,191	114,328	126,246	11,730	15,917	7,520	9,415	40	50	-35.3	25.2	43.0	34.4	3.8	3.7	26.4	19.7	8.9	10.8	8.1	9.7
Ultratech Cement	Cement	3,807	1,044,758	252,806	289,472	46,195	61,865	22,866	34,527	83	126	9.0	51.0	45.7	30.3	5.0	4.3	23.7	17.2	10.9	14.4	8.4	11.4
Havells India Ltd	Electricals	407	254,004	54,368	64,549	7,478	9,290	5,128	6,407	8	10	10.3	24.9	49.5	39.6	9.6	8.7	32.2	25.8	19.4	22.0	17.4	19.7
Finolex Cables Ltd	Electricals	392	59,968	24,029	28,031	2,803	3,802	1,907	2,765	12	18	8.3	45.0	31.5	21.7	20.7	14.9	20.7	14.9	13.0	16.4	13.2	16.6
VGuard Industries Ltd	Electricals	1,705	51,295	18,623	21,701	1,780	2,188	1,117	1,414	37	47	57.9	26.6	45.9	36.3	28.8	23.2	28.8	23.2	23.7	24.1	22.9	24.9
KEL Industries	Electricals	115	8,844	23,256	26,544	2,423	2,808	2,170	2,532	28	33	28.9	16.7	4.1	3.5	5.7	4.8	5.7	4.8	59.2	57.4	26.1	27.9
Bejaj Electricals Ltd	Electricals	273	27,536	46,120	51,434	2,594	3,080	956	1,323	9	13	-785.2	38.4	28.7	20.8	12.9	10.7	12.9	10.7	12.7	15.3	10.5	12.4
LIC Housing Finance	Financials	519	261,743	124,490	147,147	25,186	29,807	16,280	19,248	32	38	17.4	18.2	16.1	13.6	2.9	2.4	10.4	8.8	19.2	19.4	1.3	1.3
DCB Bank	Financials	114	32,520	6,208	7,681	3,553	3,210	1,623	1,298	6	5	-15.1	-20.0	19.8	24.8	2.1	1.9	9.2	10.1	10.0	7.4	0.9	0.6
Indusind Bank	Financials	1,185	705,817	45,347	54,526	42,493	50,352	22,783	26,948	39	46	14.1	18.3	30.6	25.9	4.1	3.6	16.6	14.0	16.6	14.6	1.9	1.8
Repco Home Finance	Financials	828	51,797	2,508	10,987	2,508	3,196	1,492	1,901	24	30	20.7	20.7	34.7	27.4	5.5	0.1	20.6	19.6	17.0	18.4	2.2	2.2
Punjab National Bank	Financials	124	242,504	172,775	195,620	127,147	140,053	31,259	43,195	79	105	-3.9	31.7	1.6	1.2	0.8	0.7	1.9	1.7	7.9	9.8	0.5	0.6

# PhillipCapital India Coverage Universe: Valuation Summary

Name of company	Sector	CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
				FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Bank of India	Financials	111	104,098	113,051	127,049	63,902	74,176	-31,887	11,076	-40	12	-251.5	-129.6	-2.8	9.3	0.8	0.7	1.6	1.4	-11.5	3.8	-0.5	0.2
Corporation bank	Financials	41	42,229	43,730	49,080	32,989	36,350	-1,921	2,648	-9	11	-126.9	-218.0	-4.4	3.7	0.1	0.1	1.3	1.2	-1.8	2.3	-0.1	0.1
Bank of Baroda	Financials	158	363,251	123,908	144,969	85,903	103,271	-15,488	35,224	-7	15	-143.7	-327.4	-23.5	10.3	1.1	0.9	4.2	3.5	-4.0	8.8	-0.2	0.5
State Bank of India	Financials	233	1,806,786	761,480	865,203	504,778	504,629	126,779	145,077	163	181	-30.4	10.6	1.4	1.3	1.2	1.1	3.6	3.6	7.3	7.6	0.4	0.7
Union Bank	Financials	137	94,248	82,194	90,635	58,333	63,774	12,762	11,365	19	15	-33.8	-19.4	7.4	9.2	0.6	0.5	1.6	1.5	6.6	5.4	0.3	0.3
Canara Bank	Financials	259	140,770	91,757	99,117	69,458	71,508	10,027	14,946	20	28	-65.2	41.2	13.1	9.3	0.7	0.6	2.0	2.0	3.7	5.1	0.2	0.2
Indian Bank	Financials	202	97,019	44,674	48,420	31,614	33,215	7,386	9,103	15	19	-26.5	23.3	13.1	10.7	0.9	0.8	3.1	2.9	5.7	6.7	0.4	0.4
Oriental Bank of Com	Financials	122	42,233	53,538	59,126	38,913	41,596	547	4,262	2	12	-89.0	567.6	66.9	10.0	0.4	0.4	1.1	1.0	0.4	3.0	0.0	0.2
ICICI Bank	Financials	246	1,430,672	211,212	243,027	250,632	256,001	120,868	130,580	104	112	7.9	7.8	2.4	2.2	1.8	1.7	5.7	5.6	14.3	14.0	1.8	1.7
Shriam Transport Fin	Financials	1,299	294,811	51,874	60,333	38,400	44,783	11,782	18,266	52	81	-4.8	55.0	25.0	16.1	129.9	129.9	7.7	6.6	12.2	16.7	1.9	2.5
Shriam City Union Fi	Financials	2,000	131,821	24,726	28,474	14,232	16,675	5,298	6,286	80	95	-5.1	18.6	24.9	21.0	2.9	2.6	9.3	7.9	12.3	13.2	2.7	2.8
AXIS Bank	Financials	567	1,353,888	163,255	192,698	159,084	181,827	85,465	99,622	36	42	15.6	16.0	15.8	13.6	2.8	2.6	8.5	7.4	17.7	17.8	1.7	1.7
Cholamandalam Inves	Financials	1,124	175,500	21,429	25,095	12,983	15,417	5,687	7,487	36	48	20.1	31.7	30.9	23.4	4.8	4.1	13.5	11.4	16.7	18.8	2.2	2.5
HDFC Limited	Financials	1,342	2,121,813	311,386	353,656	100,235	114,400	69,114	79,030	32	38	17.4	-	41.6	35.2	6.0	5.3	21.2	18.5	21.0	21.1	2.6	2.6
Mah & Mah Finance	Financials	334	189,740	32,658	36,558	20,877	23,657	6,726	8,286	12	15	-19.2	23.2	28.0	22.7	3.1	2.8	9.1	8.0	11.4	13.0	1.8	2.0
HDFC Bank	Financials	1,249	3,162,778	274,149	324,937	223,351	263,567	124,109	147,056	248	293	21.5	18.5	5.0	4.3	4.4	3.9	14.2	12.0	18.6	19.1	1.9	1.9
SKS Microfinance	Financials			12,614	19,290	4,149	6,085	2,964	4,301	24	34	58.5	45.1							24.9	27.7	4.8	4.2
Andhra Bank	Financials	61	41,789	52,389	59,881	36,449	41,930	4,814	9,668	7	13	-33.3	80.8	8.7	4.8	0.5	0.5	1.1	1.0	4.9	8.9	0.2	0.4
Asian Paints	FMCG	1,143	1,096,699	153,307	172,537	28,086	32,330	17,787	20,341	19	21	25.0	14.4	61.7	53.9	19.6	16.6	39.0	33.7	31.7	30.8	31.1	31.5
Hindustan Unilever	FMCG	926	2,003,009	314,253	339,681	62,306	70,219	41,226	45,179	19	21	6.9	9.6	48.7	44.4	54.4	55.1	31.7	28.1	111.8	124.1	111.2	124.5
Bajaj Corp	FMCG	397	58,543	8,742	9,500	2,715	2,960	2,433	2,575	16	17	10.8	5.8	24.1	22.7	12.2	12.2	21.3	19.4	50.6	53.6	42.6	50.7
ITC	FMCG	253	3,048,483	364,753	408,430	137,932	155,196	93,997	108,802	8	9	2.4	15.8	32.4	28.0	9.3	8.7	21.6	19.2	28.5	31.0	22.9	24.4
Emami	FMCG	1,147	260,377	25,846	31,005	6,446	7,941	3,194	5,607	14	25	-34.2	75.5	81.5	46.4	18.6	16.4	41.3	33.1	22.8	35.4	20.9	16.4
Nestle	FMCG	6,838	659,295	81,233	101,096	15,946	21,507	10,642	12,459	110	129	-10.3	17.1	62.0	52.9	23.4	19.9	41.0	30.5	37.8	37.6	37.5	40.5
Jubilant Foodworks	FMCG	1,172	77,160	24,102	28,216	2,852	3,588	1,146	1,570	18	24	-7.0	37.1	66.9	48.8	10.0	8.3	26.9	21.2	14.9	17.0	15.2	17.7
Marico Industries	FMCG	297	382,729	61,320	66,307	10,444	12,457	7,067	8,497	5	7	26.9	20.2	54.2	45.0	18.2	15.2	36.7	30.3	33.7	33.7	29.7	31.5
Colgate	FMCG	960	261,065	36,514	46,119	4,505	10,445	1,271	6,291	5	23	-77.3	395.0	205.4	41.5	25.6	20.5	57.3	24.7	12.5	49.5	14.2	54.9



# PhillipCapital India Coverage Universe: Valuation Summary

Name of company	Sector	CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)			
				FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Agro Tech Foods	FMCG	486	11,841	7,802	8,381	549	698	234	355	10	15	-37.3	52.0	50.6	33.3	3.5	3.2	23.3	16.9	6.9	9.7	6.8	9.1
Dabur India Ltd	FMCG	296	520,266	84,360	92,122	15,197	17,148	12,526	14,072	7	8	17.4	12.3	41.5	37.0	12.5	10.5	34.6	30.2	30.1	28.5	27.8	26.5
Godrej Consumer Pro	FMCG	1,590	541,313	89,572	101,805	16,242	18,804	11,462	13,181	34	39	26.4	15.0	47.2	41.1	10.6	8.9	34.6	29.6	22.5	21.6	16.4	16.8
Britannia	FMCG	2,885	346,082	86,071	97,693	11,548	13,266	8,163	9,341	68	78	50.5	14.4	42.4	37.0	19.6	14.8	30.0	25.9	46.1	39.9	48.6	42.5
Apotex Industries	FMCG	396	8,221	2,948	5,288	393	448	384	278	18	13	55.7	-27.6	21.6	29.8	4.4	4.2	20.7	18.2	20.5	14.0	26.6	15.0
GlaxoSmithkline Cons	FMCG	6,186	260,164	41,066	43,395	6,328	4,691	6,869	5,375	163	128	17.7	-21.7	37.9	48.4	10.6	9.7	36.8	48.5	28.1	20.0	30.0	20.9
J Kumar InfraProjects	Infrastructure	194	14,668	14,775	18,469	2,719	3,371	1,154	1,614	15	21	4.2	39.8	12.7	9.1	1.1	1.0	5.1	4.7	11.1	11.8	10.8	11.4
PNC Infotech Ltd	Infrastructure	562	28,856	19,512	23,415	2,576	3,091	1,264	1,640	25	32	-2.3	29.8	22.8	17.6	2.3	2.0	11.5	9.9	12.7	12.2	11.6	11.3
GMR Infrastructure	Infrastructure	14	83,900	108,828	94,388	46,076	33,267	-16,983	-28,985	-3	-5	-46.1	70.7	4.5	-2.6	1.1	1.9	11.3	15.1	-24.9	-73.7	2.2	-0.6
GVK Power	Infrastructure	6	9,633	29,885	48,605	18,897	28,264	-6,809	-3,136	-4	-2	33.8	-53.9	-1.4	-3.1	0.6	0.7	12.7	8.3	-45.7	-21.7	1.2	3.4
MBL Infrastructures Ltd	Infrastructure	124	5,132	21,433	24,648	2,358	2,711	705	783	17	19	-56.0	11.1	7.3	6.6	0.7	0.7	5.3	5.3	10.4	10.5	9.9	9.9
KNR Construction	Infrastructure	598	16,823	10,076	12,594	1,511	1,889	1,160	1,124	41	40	58.9	-3.1	14.5	15.0	2.5	2.1	11.3	9.1	18.5	15.3	17.4	14.6
NCC	Infrastructure	79	43,724	79,658	83,644	7,129	7,737	2,177	3,003	4	5	94.8	37.9	20.1	14.6	1.3	1.2	8.7	7.6	6.4	8.1	10.0	10.4
ITD Cementation	Infrastructure	148	22,940	36,304	41,750	3,086	3,966	1,016	1,532	7	10	95.7	50.8	22.6	15.0	3.9	3.1	10.1	8.0	17.2	20.6	14.1	15.8
Ashoka Buildcon	Infrastructure	155	29,083	26,758	33,201	7,950	10,989	963	1,393	5	7	0.3	44.5	30.2	20.9	1.5	1.4	8.9	6.4	5.0	6.7	4.5	6.1
Adani Ports & SEZ	Infrastructure	234	484,603	69,353	71,132	46,211	49,181	26,677	29,109	13	14	15.1	9.1	18.2	16.6	3.7	3.1	14.1	13.0	20.4	18.5	10.7	11.0
IRB Infrastructure	Infrastructure	211	74,191	49,104	55,492	26,355	31,495	5,904	6,378	17	18	2.8	8.0	12.6	11.6	1.4	1.2	8.0	7.3	11.2	10.1	3.2	3.5
Mindtree Ltd	IT Services	613	102,880	46,730	55,277	8,210	8,944	5,525	5,959	33	36	2.7	8.0	18.6	17.2	4.3	3.6	12.3	11.1	22.9	21.1	24.7	22.6
Wipro	IT Services	547	1,351,974	512,440	557,747	111,946	110,811	88,983	87,246	36	35	3.1	-2.1	15.1	15.5	2.9	2.6	12.5	12.2	19.1	16.6	19.0	16.3
NIIT Technologies	IT Services	423	25,890	26,850	28,739	4,705	4,767	2,743	2,811	45	46	139.7	2.3	9.4	9.2	1.6	1.5	4.3	4.3	17.2	16.0	17.4	13.9
Infosys Technologies	IT Services	1,068	2,453,137	624,420	705,456	170,790	194,025	134,920	150,837	59	66	9.4	11.8	18.1	16.2	4.0	3.8	12.3	10.6	21.9	23.2	23.0	23.7
Tata Consultancy	IT Services	2,649	5,219,861	1,086,462	1,215,036	306,780	340,099	242,148	274,013	123	139	22.5	13.2	21.6	19.0	7.1	5.9	16.8	15.1	33.1	31.2	35.8	33.0
HCL Technologies	IT Services	822	1,159,289	455,250	498,115	99,567	108,506	80,661	88,317	57	63	47.9	9.5	14.4	13.1	3.6	3.1	11.7	10.6	25.1	23.9	25.3	24.6
Persistent Systems	IT Services	675	54,032	23,123	28,830	4,171	4,601	2,974	3,128	37	39	2.3	5.2	18.2	17.3	3.2	2.9	12.6	11.5	17.9	16.5	17.5	16.4
KPIIT Technologies	IT Services	132	26,139	32,256	32,619	4,346	3,879	2,846	2,343	15	12	20.4	-19.3	8.7	10.8	1.8	1.6	5.6	6.2	20.6	14.6	17.6	14.0
Tech Mahindra	IT Services	495	480,598	264,942	288,919	42,928	46,190	30,226	30,552	35	35	26.1	-0.1	14.2	14.2	2.7	2.4	10.9	9.9	19.1	16.9	19.9	18.1
Allcargo Logistics	Logistics	187	47,091	55,366	64,113	4,983	6,225	2,534	3,189	10	13	28.1	25.9	18.6	14.8	10.1	8.1	10.1	8.1	12.1	13.6	10.4	12.0

# PhillipCapital India Coverage Universe: Valuation Summary

Name of company	Sector	CMP	Mkt Cap	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)	
				FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
VRL Logistics Ltd	Logistics	314	28,646	17,215	19,077	2,851	3,248	1,166	1,454	13	16	33.1	24.8	24.6	19.7	10.9	9.4	21.7	23.8	15.1	17.6
Container Corp Of India	Logistics	1,443	281,280	57,711	67,724	12,015	14,912	8,856	10,859	45	56	-15.5	22.6	31.8	25.9	3.3	3.1	21.4	17.1	10.5	11.8
Zee Entertainment	Media	496	47,767	58,515	68,480	15,095	19,347	9,134	11,982	10	12	9.7	31.2	52.2	39.8	7.6	6.7	30.5	23.7	14.7	16.9
DB Corp Limited	Media	410	75,324	20,519	23,652	5,323	6,813	2,949	4,056	16	22	-6.8	37.5	25.5	18.6	5.6	5.3	14.2	11.0	21.9	28.4
Jagran Prakashan	Media	181	59,253	20,941	23,558	5,991	6,960	3,242	4,109	10	13	41.1	26.7	17.7	14.0	3.5	3.0	10.1	8.2	19.8	21.2
HF Media	Media	80	18,573	24,898	27,363	3,077	4,074	1,692	2,431	7	10	-5.9	43.7	11.0	7.6	0.9	0.8	7.1	4.7	7.8	9.9
Dish TV	Media	98	104,665	30,599	33,568	10,373	11,672	7,048	4,482	7	4	-36.4	14.8	23.3	26.7	12.5	10.5	9.0	180.1	53.4	511.7
Hindustan Media Vent	Media	270	19,835	9,119	10,193	2,179	2,605	1,747	2,080	24	28	24.2	19.1	11.4	9.5	2.2	1.8	8.7	6.6	19.3	18.9
Eros International	Media	230	21,480	18,247	20,035	4,447	5,265	3,190	3,694	34	40	29.1	15.8	6.7	5.8	1.2	1.0	5.5	4.6	17.8	17.3
NALCO	Metals	49	127,058	65,764	71,103	8,987	10,506	6,715	8,444	3	3	-42.8	25.7	18.9	15.0	1.0	1.0	9.3	7.9	5.2	6.4
SAIL	Metals	48	198,657	372,349	439,027	22,098	19,294	-31,364	-13,846	-8	-3	-243.8	-55.9	-6.3	-14.3	0.5	0.5	-23.2	27.8	-7.8	-3.6
Tata Steel	Metals	382	370,713	1,171,516	1,124,823	75,857	167,997	9,256	49,585	10	51	29,318.0	435.1	40.0	7.5	1.3	1.1	15.6	6.9	3.2	15.3
Vedanta Ltd	Metals	169	501,330	629,078	757,704	147,089	213,221	31,283	61,352	11	21	-52.3	96.1	16.0	8.2	1.1	1.0	8.5	5.7	7.0	12.6
JSW Steel	Metals	1,738	420,040	418,789	523,802	60,730	135,104	13,835	43,574	57	180	-25.0	215.0	30.4	9.6	2.0	1.9	13.4	6.2	6.6	19.8
Hindustan Zinc	Metals	219	923,655	139,590	168,643	66,406	90,337	81,967	81,744	19	19	-0.1	-0.3	11.3	11.3	2.5	2.1	8.6	7.1	21.9	19.0
Jindal Steel & Power	Metals	83	75,754	205,664	230,731	41,477	51,159	-18,148	-10,757	-20	-12	-386.5	-40.7	-4.2	-7.0	0.4	0.4	11.6	9.1	-8.6	-5.4
Hindalco Inds	Metals	144	296,738	1,004,752	1,050,612	86,301	110,895	-4,399	11,270	-2	5	-115.7	-356.2	-67.5	26.3	0.8	0.8	10.4	7.8	-1.2	2.9
Sintex Industries	Midcap	74	32,911	77,335	95,628	12,973	16,749	6,341	7,205	14	14	15.2	-3.2	5.2	5.4			6.9	6.1	11.5	10.8
KDDL	Midcap	260	2,624	4,658	5,564	394	502	89	132	9	13	31.3	47.3	29.3	19.9			9.4	7.8	10.5	14.0
Pennar Inds.	Midcap	48	5,729	15,098	19,470	1,593	2,235	517	835	4	7	44.0	61.6	11.1	6.9			4.1	3.0	11.0	15.6
Praj Inds.	Midcap	86	15,232	10,158	11,844	1,099	1,358	684	899	4	5	49.9	31.4	22.2	16.9	2.3	2.2	13.3	10.3	10.4	13.3
The Byke Hospitality	Midcap	164	6,570	2,137	2,761	449	580	241	329	6	8	20.3	36.7	27.3	20.0			14.6	11.1	20.6	23.0
PEBS	Midcap	184	6,317	77,335	95,628	12,973	16,749	6,341	7,205	14	14	15.2	-3.2	13.0	13.4			4.9	4.6	11.5	10.8
Indraprastha Gas	Oil & Gas	665	93,065	36,858	36,183	7,840	8,360	4,162	4,808	31	34	-2.1	12.2	21.7	19.4	3.9	3.4	11.3	10.3	17.8	17.4
Petronet LNG	Oil & Gas	311	232,875	281,150	272,419	17,250	20,993	10,777	10,919	14	15	22.1	1.3	21.6	21.3	3.6	3.2	14.5	11.9	16.9	15.2
Gujarat State Petronet	Oil & Gas	134	75,661	10,252	12,500	8,866	11,003	4,525	6,087	8	11	10.3	34.5	16.7	12.4	1.9	1.7	9.0	6.9	11.4	13.6
Gujarat Gas	Oil & Gas	625	85,980	59,933	55,787	7,301	9,779	1,686	3,966	12	29	-62.1	135.2	51.0	21.7	4.1	3.6	14.7	11.1	8.1	16.6



# PhillipCapital India Coverage Universe: Valuation Summary

Name of company	Sector	CMP Rs	Mkt Cap Rs mn	Net Sales (Rs mn)		EBIDTA (Rs mn)		PAT (Rs mn)		EPS (Rs)		EPS Growth (%)		P/E (x)		P/B (x)		EV/EBITDA (x)		ROE (%)		ROCE (%)	
				FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E	FY16E	FY17E
Reliance Industries	Oil & Gas	1,016	3,295,134	2,765,440	2,921,804	442,570	398,294	272,070	219,750	92	74	15.3	-19.4	11.0	13.7	1.2	1.1	11.3	12.6	11.2	8.4	7.3	5.5
Cadila Healthcare	Pharma	377	385,541	94,694	104,692	23,460	24,357	14,724	16,722	14	16	24.8	13.6	26.2	23.1	7.2	5.7	17.2	16.3	27.8	24.9	19.6	19.8
Sun Pharma	Pharma	842	2,026,196	277,442	321,375	84,816	108,091	54,011	69,995	22	29	13.1	29.6	37.5	28.9	6.4	5.4	23.3	17.3	17.2	18.6	14.5	15.8
Dr Reddy's Labs.	Pharma	3,009	513,104	154,708	148,697	40,156	30,483	20,207	16,696	119	98	-11.4	-17.4	25.4	30.7	4.0	4.1	13.5	17.7	15.6	13.4	11.6	8.4
Aurobindo Pharma	Pharma	770	450,551	138,961	159,250	32,056	38,857	20,395	24,372	35	42	24.2	19.5	22.0	18.4	6.4	4.9	15.2	12.5	28.1	26.8	24.0	26.1
Cipla Ltd	Pharma	533	428,503	13,678	16,980	2,501	2,971	1,567	1,763	20	22	23.1	12.5	27.3	24.3	3.6	3.2	173.1	145.8	13.2	13.5	-	-
Ipca Laboratories	Pharma	518	65,407	28,445	34,133	3,417	5,988	1,362	3,355	11	27	-49.1	146.3	47.6	19.3	2.8	2.5	20.7	11.6	6.0	13.2	3.5	10.3
Divi's Laboratories	Pharma	1,184	314,355	37,764	44,131	14,138	16,726	10,874	12,262	41	46	-36.9	12.8	28.9	25.6	7.3	6.4	22.2	18.6	25.9	25.1	-	-
Glenmark Pharma	Pharma	843	237,859	73,685	88,566	16,341	20,782	9,201	12,411	33	44	18.6	34.9	25.8	19.2	5.6	4.4	16.5	12.6	21.5	22.8	12.6	15.3
Lupin	Pharma	1,675	754,998	137,016	172,312	37,877	48,153	22,128	29,826	49	66	-7.4	34.8	34.1	25.3	6.9	5.6	21.6	16.2	20.7	22.0	18.6	-
Biocon	Pharma	837	167,340	34,050	39,855	8,329	9,782	4,509	5,519	23	28	9.4	22.4	37.1	30.3	4.1	3.5	20.8	17.6	22.1	11.2	9.2	-
Titan Company	Retail	416	369,719	112,779	131,974	9,314	12,488	6,897	8,090	8	9	-15.5	17.3	53.6	45.7	10.6	8.6	39.7	29.6	21.0	20.8	21.6	21.4
Atul Ltd	Specialty	1,964	58,244	26,014	29,097	4,636	5,005	2,694	2,921	91	98	13.3	8.4	21.6	20.0	-	-	13.2	11.7	21.1	19.1	-	-
Camlin Fine Sciences	Specialty	92	9,519	4,893	6,928	918	1,275	404	584	4	6	1.8	44.7	22.1	15.3	-	-	12.2	9.3	20.3	26.5	-	-
Meghmani Organics	Specialty	46	11,660	13,370	15,404	2,680	3,081	637	916	3	4	41.5	43.9	18.3	12.7	-	-	6.5	5.4	9.9	13.0	9.7	11.1
Vinati Organics	Specialty	546	28,187	5,920	7,188	1,678	2,164	960	1,291	19	25	-17.1	34.5	29.4	21.8	-	-	16.6	13.0	24.3	20.0	-	-
Aarti Industries	Specialty	560	46,680	27,796	32,414	5,723	6,742	2,569	3,169	31	38	28.3	23.4	18.2	14.7	-	-	10.3	8.6	24.1	24.2	-	-
SRF Ltd	Specialty	1,532	87,960	46,001	51,136	9,715	10,994	4,335	4,924	75	86	41.3	13.6	20.3	17.9	-	-	11.2	9.9	15.8	16.0	9.3	9.9
Bharti Airtel	Telecom	364	1,455,054	966,192	1,011,016	340,718	365,567	39,031	52,685	10	13	-34.7	35.0	37.3	27.6	2.2	2.0	7.6	7.0	5.9	7.4	5.5	6.2
Idea Cellular	Telecom	106	382,405	357,974	390,485	129,395	137,572	34,969	17,126	10	5	9.5	-51.0	10.9	22.3	1.4	1.4	6.6	6.0	13.2	6.1	7.0	4.5
Tata Communications	Telecom	452	128,777	206,046	220,447	31,485	36,115	2,178	1,401	8	5	104.5	-35.7	59.1	91.9	-30.8	-25.1	6.7	5.7	-52.1	-27.3	4.8	4.8
Bharti Infratel	Telecom	389	719,960	77,875	84,732	53,660	58,942	23,820	26,398	13	14	19.4	13.5	31.0	27.3	4.0	4.3	13.2	11.2	13.0	15.7	10.8	11.8
Coal India	Utilities	329	2,080,610	773,545	880,021	163,466	198,241	145,174	166,590	23	26	5.8	14.8	14.3	12.5	4.5	3.9	9.4	7.3	31.4	31.4	33.2	33.2
PTC India	Utilities	78	23,222	137,014	181,612	10,802	13,079	3,126	3,371	11	11	-12.1	7.8	7.4	6.9	0.7	0.7	7.9	7.4	9.5	9.6	9.8	7.7
Power Grid Corp	Utilities	177	923,376	207,959	253,694	183,327	225,368	62,888	75,359	12	14	25.1	19.8	14.7	12.3	2.2	1.9	10.8	9.2	15.5	16.5	6.2	6.7
NTPC	Utilities	161	1,331,230	725,044	798,674	177,772	198,808	85,711	97,729	10	12	2.0	14.0	15.5	13.6	1.5	1.4	11.8	11.4	9.8	10.4	6.1	6.2

Note: For banks, EBITDA is pre-provision profit



## SPECIALTY CHEMICALS INDUSTRY CONCLAVE

28<sup>th</sup> Sept, Wednesday,  
Sofitel Hotel BKC

### “What’s making Indian Specialty Chemicals so special?”

Invite you to “**PhillipCapital India’s Specialty Chemicals Industry Conclave**”  
**10am-12pm Panel Discussion | 12-1pm Lunch | 1-6pm Group Meetings**

#### Session I – Panel Discussion



- 👤 Mr. Samir Biswas, Joint Secretary, Ministry of C&PC
- 👤 Leading Specialty Chemical Consultant from Shanghai, China
- 👤 Mr. Shekhar Khanolkar, MD, Navin Fluorine International Ltd
- 👤 Mr. R. K. Agarwal, President, All India Plastics Manufacturers Association (AIPMA)
- 👤 Mrs. S.F. Vakil, Chairperson & MD, Dai-Ichi Karkaria Ltd
- 👤 Mr. Sanjeev G. Patil, Group CFO & Hd - Strategy, Fairchem Specialty (Adi Finechem)
- 👤 Mr. Sridhar Venkiteswaran, ED, Avalon Global Research- Global specialty chemical consultant

#### Session II - Close-door Meetings



- 👤 Mr. Samir Biswas, Joint Secretary, Ministry of C&PC
- 👤 Navin Fluorine International
- 👤 Leading Chinese Specialty Chemical Consultant
- 👤 Dai-Ichi Karkaria
- 👤 Vikas Eco-Tech Ltd
- 👤 Hikal Ltd
- 👤 Shree Pushkar
- 👤 Fairchem Specialty (Adi Finechem)
- 👤 Meghmani Organics
- 👤 I.G. Petrochemicals
- 👤 DCW Limited
- 👤 AIPMA (Mr. R. K. Agarwal, President)

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