

Larsen & Toubro

BSE SENSEX

38,363

S&P CNX

11,532

CMP: INR1,357
TP: INR1,610(+19%)
Buy

Stock Info

| | LT IN |
|-----------------------|---------------|
| Bloomberg | |
| Equity Shares (m) | 1,402 |
| M.Cap.(INRb)/(USDb) | 1902.6 / 27.6 |
| 52-Week Range (INR) | 1459 / 1183 |
| 1, 6, 12 Rel. Per (%) | 2/-2/-11 |
| 12M Avg Val (INR M) | 3297 |
| Free float (%) | 100.0 |

Financials Snapshot (INR b)

| Y/E Mar | 2019 | 2020E | 2021E |
|-------------|-------|-------|-------|
| Net Sales | 1,374 | 1,532 | 1,734 |
| EBITDA | 162.7 | 194.8 | 227.0 |
| PAT | 81.0 | 102.9 | 127.2 |
| EPS (INR) | 57.8 | 73.4 | 90.7 |
| Gr. (%) | 11.8 | 27.0 | 23.6 |
| BV/Sh (INR) | 435.6 | 564.4 | 627.7 |
| RoE (%) | 13.9 | 14.7 | 15.2 |
| RoCE (%) | 9.4 | 11.1 | 12.3 |
| P/E (x) | 23.5 | 18.5 | 14.9 |
| P/BV (x) | 3.4 | 3.1 | 2.4 |

Shareholding pattern (%)

| As On | Dec-18 | Sep-18 | Dec-17 |
|----------|--------|--------|--------|
| Promoter | 0.0 | 0.0 | 0.0 |
| DII | 38.7 | 37.9 | 40.1 |
| FII | 20.2 | 20.4 | 18.5 |
| Others | 41.1 | 41.7 | 41.4 |

FII Includes depository receipts

Stock Performance (1-year)


MindTree acquisition plan puts buyback option to rest

Acquisition marginally EPS accretive but not preferred use of cash

■ INR107b of cash earmarked for first-ever hostile takeover in IT industry:

Larsen & Toubro (LT) has announced its intention to acquire a significant 66% stake in MindTree (MTCL). It has earmarked an amount of INR107b for this acquisition, valuing MTCL at INR162b (+5% v/s current market cap of INR155b) or INR980/share. However, the promoters of MTCL (13.3% stake) may look to resist the hostile takeover by engaging with other shareholders, and hence, it could be a long-drawn process, in our view.

■ LT's rationale for the acquisition: The primary rationale is to expand the services business (in line with its five-year value creation strategy presented in 2016). Moreover, this is better utilization of its strong cash balance, especially in light of the rejection of the INR90b share buyback by the SEBI.

■ Retention of top management key for success of the acquisition: MTCL would continue to be an independent listed entity after the acquisition, and LT does not plan to merge it with its own IT business, at least in near future. LT's management admitted that retention of top management is vital as the IT business is much more people-oriented with strong customer relationships. Considering this, it will engage with the promoters and try to address their concerns. LT believes that there is enough opportunity in the IT industry to capitalize on, and thus, all the three IT platforms (LTI, LTTS and MTCL) would be allowed to scale up on their own.

■ Buyback may be put on backburner for now: As of end-Dec'18, LT had cash and cash equivalents of INR150b. Additionally, it generates free cash of ~INR15b/quarter. Even though LT is still engaged with the SEBI for its planned share buyback, the MTCL acquisition lowers the chances of a buyback now, in our view.

■ Higher aggression, if any, toward acquisition may elevate capital allocation concerns: MTCL's acquisition raises a few questions on the capital allocation policy, especially given that LT has been on track to meet its RoE guidance of 18% by FY21 and divesting its non-core assets. The concerns may get elevated in case the cost of acquisition increases in due course of time. Ideally, LT shareholders would have preferred share buyback as the best utilization of the cash balance. Even management had the same intention until the same was rejected by the SEBI.

■ Valuation and view: MTCL acquisition may be marginally EPS accretive and neutral from the valuation perspective. However, it is too early to incorporate the same in our estimates as it may be a long-drawn process. For now, we maintain our **Buy** rating and target price of INR1,610.

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LT puts first-ever hostile takeover bid in Indian IT industry

LT has announced its intention to acquire a significant stake in MTCL in an all-cash transaction. The total consideration for the acquisition is pegged at INR107b for a 66% stake, including an open offer.

Exhibit 1: Details of the total investment planned by the company

| Acquisition of the stake in Mindtree | Stake in % | Acquisition cost per share | Total investment in INRb |
|--------------------------------------|-------------|----------------------------|--------------------------|
| V G Siddhartha and Associates | 20.3 | 980 | 32.7 |
| Open market acquisition | 15 | 980 | 24.3 |
| Open offer | 31 | 980 | 50.3 |
| Total | 66.3 | | 107 |

Source: MOFSL, Company

Rationale for acquisition according to management

- The acquisition is aimed to scale up the services business to one third of the consolidated revenue, compared to ~20% currently.
- It will enable effective utilization of cash on the books of LT. We note that as of Dec'18, the cash and cash equivalents stood at INR160b. Also, the company generates INR15b of cash per quarter.
- LT's management stated that the business segments of MTCL and L&T Infotech (L&T's IT business) are quite complimentary. For instance, L&T Infotech draws 16% revenue from the energy and utilities segments, where MTCL is not present, while MTCL draws 17% revenue from travel and hospitality, where L&T Infotech is not present.
- According to LT's management, there exists a lot of synergy benefits for MTCL as well, as the sales run-rate and margins (FY18: 14%) can be improved, given the strong parentage of L&T Group.
- The deal will keep LT on track for its FY21 RoE target of 18%.

Our view:

- The deal seems to draw curtains on the buyback plan as the company will be exhausting sizeable cash currently present on its books.
- While the deal is marginally EPS accretive, investors would have preferred RoE expansion led by strong growth in the EPC business rather than inorganic growth in services business, in our view.
- **Management retention is key:** LT may need to engage with the promoters and gain confidence of top management at MTCL to avoid high attrition given the uncertainty involved in hostile takeovers. We note that the success of the IT business is strongly dependent on the customer relationship of the top management, and hence, any churn or confidence erosion of the employees may have an adverse impact on the business.
- **Higher aggression, if any, toward acquisition may elevate capital allocation concerns:** MTCL's acquisition raises a few questions on the capital allocation policy, especially given that LT has been on track to meet its RoE guidance of 18% by FY21 and divesting its non-core assets. The concerns may get elevated in case the cost of acquisition increases in due course of time. Ideally, LT shareholders would have preferred share buyback as the best utilization of the cash balance. Even management had the same intention until the same was rejected by the SEBI.

Exhibit 2: Pro forma P&L of MTCL

| Description | FY18 | FY19 | F20 | FY21 |
|--------------------------|---------------|---------------|---------------|---------------|
| Sales | 54,628 | 70,440 | 80,865 | 91,123 |
| YoY growth(%) | | 29% | 15% | 13% |
| EBITDA | 7,405 | 10,804 | 12,610 | 14,319 |
| Margin(%) | 13.6% | 15.3% | 15.6% | 15.7% |
| PAT | 4,758 | 7,595 | 8,708 | 10,266 |
| Margin(%) | 8.7% | 10.8% | 10.8% | 11.3% |
| Valuation metrics | | | | |
| P/Sales | 3.0 | 2.3 | 2.0 | 1.8 |
| P/Earnings | 34.1 | 21.4 | 18.6 | 15.8 |

Source: MOFSL, Company

Exhibit 3: Pro forma P&L statement of L&T (consolidated INR m)

| | FY18 | FY19E | FY20E | FY21E |
|--------------------------|------------------|------------------|------------------|------------------|
| Sales | 1,196,832 | 1,374,184 | 1,532,119 | 1,734,174 |
| YoY growth (%) | 9 | 15 | 11 | 13 |
| EBIDTA | 135,714 | 162,718 | 194,769 | 227,007 |
| Margin (%) | 11 | 12 | 13 | 13 |
| PAT | 72,469 | 81,005 | 102,869 | 127,157 |
| Margin (%) | 6.1 | 5.9 | 6.7 | 7.3 |
| Valuation Metrics | | | | |
| P/Sales | 1.6 | 1.4 | 1.3 | 1.1 |
| P/Earnings | 27 | 24 | 19 | 15 |

Source: MOFSL, Company

Exhibit 4: Pro forma of consolidated P&L post acquisition of 66% stake in Mind tree (INR m)

| Impact on L&T Earnings (Consol) Description | Pro forma Financials | | MOFSL estimates | | % Impact | |
|--|----------------------|----------------|-----------------|----------------|-----------|-----------|
| | FY20 | FY21 | FY20 | FY21 | FY20 | FY21 |
| Sales | 1,612,984 | 1,825,297 | 1,532,119 | 1,734,174 | 5% | 5% |
| EBITDA | 207,379 | 241,327 | 194,769 | 227,007 | 6% | 6% |
| Margin (%) | 12.9% | 13.2% | 12.7% | 13.1% | | |
| Depreciation | 21,124 | 20,852 | 19,884 | 19,586 | | |
| EBIT | 186,255 | 220,475 | 174,885 | 207,421 | 7% | 6% |
| Interest expense | 29,721 | 24,051 | 29,721 | 24,051 | | |
| Other Income | 21,247 | 20,892 | 27,687 | 27,332 | | |
| PBT | 177,781 | 217,315 | 172,850 | 210,701 | 3% | 3% |
| Tax | 53,334 | 65,195 | 51,855 | 63,210 | | |
| PAT before minority interest | 124,447 | 152,121 | 120,995 | 147,491 | 3% | 3% |
| Minority Interest (34% assuming 66% is taken) | 18,206 | 22,303 | 15,245 | 18,813 | | |
| Share of profit of associates/JV | (2,881) | (1,521) | (2,881) | (1,521) | | |
| PAT | 103,360 | 128,296 | 102,869 | 127,157 | 0% | 1% |
| EPS | 73.7 | 91.5 | 73.4 | 90.7 | 0% | 1% |

Source: MOFSL, Company

Timeline and funding required to close the deal

LT intends to complete the acquisition of the 66% stake in MTCL in three tranches. It expects first tranche of 20.3% stake to be acquired from Mr V G Siddhartha and its affiliated companies post receiving regulatory approvals from the concerned authorities. It expects to receive all approvals over the next 30-50 days. Post this, in the second tranche, LT will acquire a 15% stake in the company from the open market. In the third tranche, it will make an open offer for a 31% stake in the company to acquire a majority stake in the company. Total cash consideration to acquire the 66% stake in the company will be to the tune of INR107b.

LT has cash and investment of INR160b, which will be utilized for acquiring the stake in MTCL.

Exhibit 5: Details of total investment planned by the company

| Acquisition of the stake in Mindtree | Stake in % | Acquisition cost per share | Total investment in INRb |
|--------------------------------------|-------------|----------------------------|--------------------------|
| V G Siddhartha and Associates | 20.3 | 980 | 32.7 |
| Open market acquisition | 15.0 | 980 | 24.3 |
| Open offer | 31.0 | 980 | 50.3 |
| Total | 66.3 | | 107 |

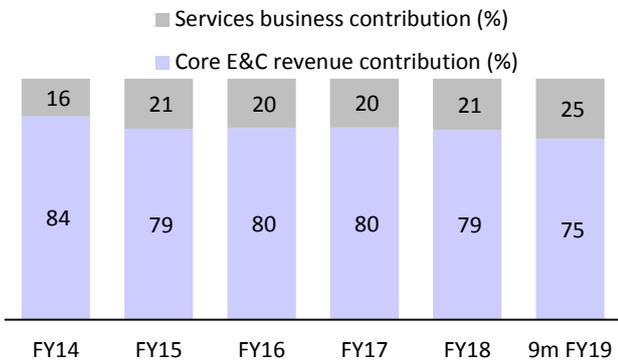
Source: MOFSL, Company

Buyback to be on backburner

LT's plan to buy back shares worth INR90b would be further pushed back. The buyback plan initially got deferred as the SEBI guidelines required the company to have a debt-to-equity ratio within the permissible limit of 2:1 at the consolidated level, which for L&T would be higher given the higher debt on account of the NBFC business. Now with the free cash being utilized for the acquisition purpose, the buyback plan of the company would further be pushed back till additional cash is generated from business and the SEBI guidelines are amended to consider debt-equity ratio on a standalone business.

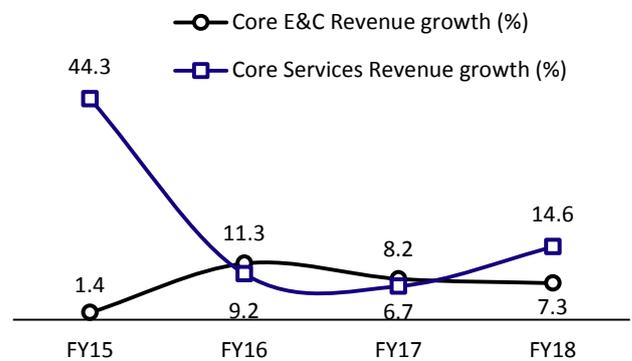
Story in charts

Exhibit 6: Revenue contribution from services business was at 25% for 9MFY19



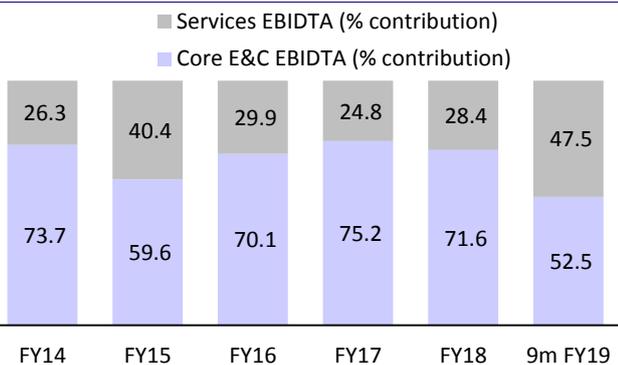
Source: MOFSL, Company

Exhibit 7: Revenue growth supported by services segment for FY18



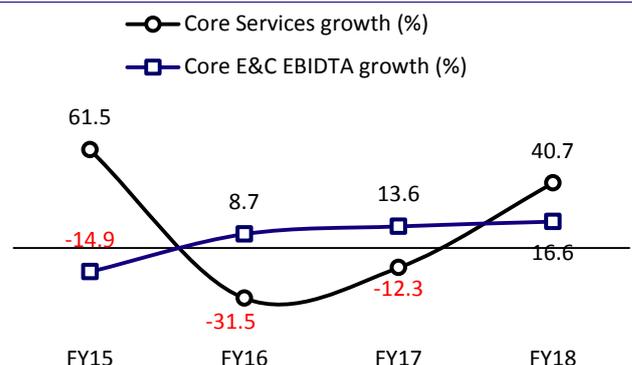
Source: MOFSL, Company

Exhibit 8: EBIDTA contribution from services business was at 28% for 9MFY19



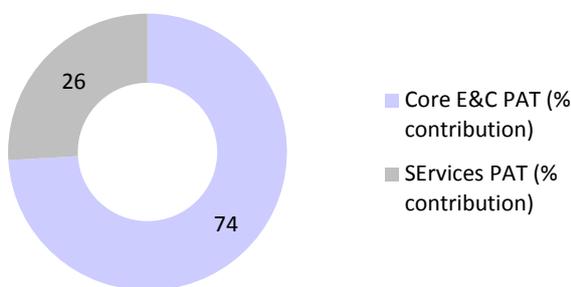
Source: MOFSL, Company

Exhibit 9: Strong growth supported by services segment in FY18



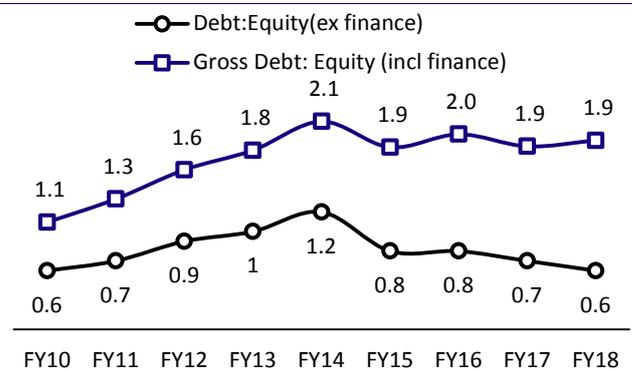
Source: MOFSL, Company

Exhibit 10: Contribution at PAT level from services business was at 24% for FY18



Source: MOFSL, Company

Exhibit 11: Gross debt:equity ratio (ex-finances) well within comfort zone



Source: MOFSL, Company

Valuation and View:

We maintain our **Buy** rating with an SOTP-based price target of INR1,610 (E&C business at 23x FY20E EPS, to which we add INR546 for subsidiaries). LT trades attractively at 24x/19x standalone EPS for FY19/20 (ex-subsidiaries). Key risks to our rating include (a) a sharp slowdown in government spending and (b) a sharp fall in oil prices in the Middle East.

Exhibit 12: L&T SOTP Valuations

| Description | Method | Valuation multiple | Value (INR b) | Value (INR/sh) | Rationale |
|--|------------------|--------------------|---------------|----------------|---|
| Construction Business | | | | | |
| L&T Standalone | Mar'20E PER (x) | 23 | 1,467 | 1,046 | Mid range of five year trading band of 20-25x |
| L&T Hydrocarbons | Mar'20E PER (x) | 23 | 157 | 112 | |
| Service Segments | | | | | |
| L&T Infotech (75% stake) | Mar'20E PER (x) | 20 | 323 | 231 | At par to mid tier IT companies; excl. stake sold via OFS |
| L&T Technology Services (81.6% stake) | Mar'20E PER (x) | 20 | 134 | 95 | At par to mid tier IT companies excl. stake sold via OFS |
| Finance Services (64% stake) | Mar '20E PBV (x) | 2 | 167 | 119 | 2x P/BV on FY20 |
| Sapura Shipping | Mar '20E PBV (x) | 2 | 0 | 0 | |
| L&T Realty | Mar'20E PER (x) | 15 | 30 | 22 | |
| Asset Ownership / Project Developer | | | | | |
| IDPL - Roads, Transmission | Mar '20E PBV (x) | 1 | 13 | 9 | 0.5x Book Value to capture the losses |
| Hyderabad Metro | Mar '20E PBV (x) | 1 | 32 | 11 | To account for losses in the Metro business |
| Power Development Projects | Mar '20E PBV (x) | 1 | 31 | 22 | At Book Value, given Case 2 bid |
| Manufacturing Ventures | | | | | |
| Power Equipment | Mar'20E PER (x) | 15 | 22 | 16 | Expect industry project awards to sustain at 5-7GW pa |
| Shipbuilding | Mar '20E PBV (x) | 1 | 36 | 25 | Increased possibility of Defence (Naval) orders |
| Special Steel and Heavy Forgings | Mar '20E PBV (x) | 1 | 9 | 6 | Possibility of Nuclear project awards to commence in FY20 |
| Less: Holding Company Discount of 20% | | | | -112 | |
| Total | | | 2,425 | 1,610 | |

Source: MOFSL, Company

Financials and Valuations

| Income Statement | | | | | (INR m) |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Y/E March | 2017 | 2018 | 2019E | 2020E | 2021E |
| Net Revenues | 1,093,118 | 1,196,832 | 1,374,184 | 1,532,119 | 1,734,174 |
| Growth Rate (%) | 7.2 | 9.5 | 14.8 | 11.5 | 13.2 |
| Manufacturing Expenses | 773,406 | 831,264 | 945,398 | 1,056,856 | 1,209,009 |
| Staff Cost | 138,540 | 152,925 | 182,457 | 192,702 | 205,976 |
| S G & A Expenses | 69,867 | 76,929 | 83,611 | 87,792 | 92,181 |
| Adj EBITDA | 111,305 | 135,714 | 162,718 | 194,769 | 227,007 |
| EBITDA Margin (%) | 10.2 | 11.3 | 11.8 | 12.7 | 13.1 |
| Depreciation | 23,699 | 19,287 | 20,053 | 19,884 | 19,586 |
| EBIT | 87,606 | 116,427 | 142,666 | 174,885 | 207,421 |
| Net Interest | 13,387 | 15,385 | 21,007 | 29,721 | 24,051 |
| Other Income | 13,441 | 14,120 | 17,142 | 27,687 | 27,332 |
| Profit before Tax | 87,659 | 115,162 | 138,801 | 172,850 | 210,701 |
| Tax | 20,066 | 31,989 | 44,416 | 51,855 | 63,210 |
| Effective Tax Rate (%) | 22.9 | 27.8 | 32.0 | 30.0 | 30.0 |
| Reported Profit | 68,808 | 84,403 | 96,462 | 232,995 | 147,491 |
| Less: Minority Interest | 4,443 | 6,346 | 13,746 | 15,245 | 18,813 |
| Add: Profits of Associates | -3,953 | -4,359 | 367 | -2,881 | -1,521 |
| EO Adjustments | 1,214 | 1,230 | 2,078 | 112,000 | 0 |
| Adjusted Profit | 59,198 | 72,469 | 81,005 | 102,869 | 127,157 |
| Growth (%) | 43.0 | 22.4 | 11.8 | 27.0 | 23.6 |
| Cons. Profit (Reported) | 60,412 | 73,699 | 83,083 | 214,869 | 127,157 |

| Balance Sheet | | | | | (INR m) |
|---------------------------|------------------|------------------|------------------|------------------|------------------|
| Y/E March | 2017 | 2018 | 2019E | 2020E | 2021E |
| Equity Capital | 1,866 | 2,803 | 2,803 | 2,803 | 2,803 |
| Reserves and Surplus | 500,299 | 553,762 | 607,715 | 788,358 | 877,085 |
| Net Worth | 502,165 | 556,565 | 610,518 | 791,160 | 879,887 |
| Debt | 939,761 | 1,075,241 | 1,243,350 | 1,153,877 | 1,159,224 |
| Deferred Tax Liability | -11,252 | -14,941 | -14,941 | -14,941 | -14,941 |
| Minority Interest | 35,636 | 56,250 | 69,996 | 85,241 | 104,054 |
| Capital Employed | 1,466,310 | 1,673,115 | 1,908,924 | 2,015,338 | 2,128,224 |
| Gross Fixed Assets | 171,779 | 220,175 | 235,175 | 250,175 | 265,175 |
| Less : Depreciation | 38,375 | 58,395 | 78,448 | 98,332 | 117,918 |
| Add : Capital WIP | 167,374 | 158,481 | 158,481 | 158,481 | 158,481 |
| Net Fixed Assets | 300,778 | 320,261 | 315,208 | 310,324 | 305,738 |
| Investments | 197,530 | 153,113 | 153,113 | 153,113 | 153,113 |
| Inventory | 41,397 | 48,478 | 55,662 | 62,059 | 70,243 |
| Sundry Debtors | 279,696 | 346,541 | 397,893 | 443,623 | 502,127 |
| Cash & Bank | 55,725 | 80,325 | 210,867 | 274,373 | 334,993 |
| Loans & Advances | 19,547 | 23,536 | 27,023 | 30,129 | 34,103 |
| Other Current Assets | 488,977 | 574,339 | 659,448 | 735,238 | 832,200 |
| Current Assets | 1,605,954 | 1,955,864 | 2,308,738 | 2,519,811 | 2,764,931 |
| Current Liabilities | 637,950 | 756,094 | 868,135 | 967,910 | 1,095,557 |
| Net Current Assets | 968,004 | 1,199,771 | 1,440,603 | 1,551,901 | 1,669,374 |
| Capital Deployed | 1,466,312 | 1,673,115 | 1,908,924 | 2,015,338 | 2,128,224 |

Financials and Valuations

Ratios

| Y/E March | 2017 | 2018 | 2019E | 2020E | 2021E |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | |
| Standalone EPS Adj | 32.5 | 35.4 | 40.9 | 51.8 | 58.1 |
| Growth (%) | 2.7 | 8.8 | 15.7 | 26.5 | 12.3 |
| Consolidated EPS Adj | 42.2 | 51.7 | 57.8 | 73.4 | 90.7 |
| Growth (%) | 43.0 | 22.4 | 11.8 | 27.0 | 23.6 |
| Con. EPS (Fully Diluted) | 42.2 | 51.7 | 57.8 | 73.4 | 90.7 |
| Growth (%) | 43.0 | 22.4 | 11.8 | 27.0 | 23.6 |
| Cash EPS | 59.1 | 65.5 | 72.1 | 87.6 | 104.7 |
| Book Value | 358.3 | 397.1 | 435.6 | 564.4 | 627.7 |
| Dividend Per Share | 8.9 | 15.9 | 16.9 | 21.4 | 24.0 |
| Div. Payout (Incl. Div Tax) % | 21.0 | 30.8 | 29.3 | 29.2 | 26.5 |
| Valuation (x) | | | | | |
| P/E (Standalone) | 41.7 | 38.3 | 38.3 | 33.1 | 26.2 |
| P/E (Consolidated) | 32.1 | 26.2 | 23.5 | 18.5 | 14.9 |
| P/E (Consolidated) (Fully Diluted) | 32.1 | 26.2 | 23.5 | 18.5 | 14.9 |
| Price / CEPS | 22.9 | 20.7 | 18.8 | 15.5 | 13.0 |
| EV/EBITDA | 25.0 | 21.3 | 18.0 | 14.3 | 12.0 |
| EV/ Sales | 2.7 | 2.5 | 2.4 | 2.1 | 1.8 |
| Price / Book Value | 4.3 | 3.8 | 3.4 | 3.1 | 2.4 |
| Dividend Yield | 0.7 | 1.2 | 1.2 | 1.6 | 1.8 |
| Return Ratio (%) | | | | | |
| RoE | 12.5 | 13.7 | 13.9 | 14.7 | 15.2 |
| RoCE | 8.0 | 9.4 | 9.4 | 11.1 | 12.3 |
| Turnover Ratios | | | | | |
| Debtors (Days) | 93.4 | 105.7 | 105.7 | 105.7 | 105.7 |
| Inventory (Days) | 13.8 | 14.8 | 14.8 | 14.8 | 14.8 |
| Asset Turnover (x) | 0.8 | 0.7 | 0.7 | 0.8 | 0.8 |
| Leverage Ratio | | | | | |
| Current Ratio (x) | 2.5 | 2.6 | 2.7 | 2.6 | 2.5 |
| D/E (x) | 0.7 | 0.6 | 0.7 | 0.4 | 0.3 |

Cash Flow Statement

| Y/E March | 2017 | 2018 | 2019E | 2020E | 2021E |
|------------------------------|-----------------|-----------------|----------------|-----------------|----------------|
| (INR m) | | | | | |
| PBT before EO Items | 60,412 | 73,699 | 83,083 | 214,869 | 127,157 |
| Add : Depreciation | 23,699 | 19,287 | 20,053 | 19,884 | 19,586 |
| Change in diff tax liability | -3,888 | -3,689 | 0 | 0 | 0 |
| (Inc)/Dec in WC | -28,086 | -207,167 | -110,290 | -47,792 | -56,853 |
| CF from Operations | 52,138 | -117,870 | -7,155 | 186,962 | 89,891 |
| (Inc)/Dec in FA | -28,638 | -38,770 | -15,000 | -15,000 | -15,000 |
| Free Cash Flow | 23,499 | -156,639 | -22,155 | 171,962 | 74,891 |
| (Pur)/Sale of Investments | -86,740 | 44,417 | -15,000 | -15,000 | -15,000 |
| CF from Investments | -115,378 | 5,647 | -15,000 | -15,000 | -15,000 |
| (Inc)/Dec in Net Worth | 14,378 | 6,604 | -2,078 | 0 | 0 |
| (Inc)/Dec in Debt | 58,408 | 135,478 | 168,110 | -89,474 | 5,347 |
| Change in Minority Interest | 6,708 | 20,614 | 13,746 | 15,245 | 18,813 |
| Dividend Paid | -14,429 | -25,902 | -27,052 | -34,227 | -38,430 |
| CF from Fin. Activity | 65,065 | 136,793 | 152,726 | -108,456 | -14,270 |
| Inc/Dec of Cash | 1,825 | 24,571 | 130,571 | 63,506 | 60,621 |
| Add: Beginning Balance | 53,900 | 55,725 | 80,296 | 210,867 | 274,373 |
| Closing Balance | 55,725 | 80,296 | 210,867 | 274,373 | 334,993 |

NOTES

Explanation of Investment Rating

Investment Rating

| | |
|--------------|--|
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | > - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

* In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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