

| | |
|-----------------|---|
| Estimate change | ↓ |
| TP change | ↔ |
| Rating change | ↔ |

| | |
|-----------------------|--------------|
| Bloomberg | IOCL IN |
| Equity Shares (m) | 9,181 |
| M.Cap.(INRb)/(USDb) | 985.7 / 13.5 |
| 52-Week Range (INR) | 110 / 71 |
| 1, 6, 12 Rel. Per (%) | 15/10/-20 |
| 12M Avg Val (INR M) | 2293 |

Financials & Valuations (INR b)

| Y/E March | 2021 | 2022E | 2023E |
|----------------|-------|--------|-------|
| Sales | 3,639 | 4,494 | 4,774 |
| EBITDA | 406 | 285 | 347 |
| Adj. PAT | 218 | 127 | 168 |
| Adj. EPS (INR) | 23.7 | 13.8 | 18.3 |
| EPS Gr. (%) | 130.8 | (41.6) | 32.6 |
| BV/Sh.(INR) | 121.8 | 128.8 | 138.0 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 0.9 | 1.0 | 0.9 |
| RoE (%) | 21.0 | 11.0 | 13.8 |
| RoCE (%) | 10.4 | 7.0 | 8.4 |
| Payout (%) | 50.6 | 49.8 | 49.8 |

Valuations

| | | | |
|----------------|------|-----|-----|
| P/E (x) | 4.4 | 7.6 | 5.7 |
| P/BV (x) | 0.9 | 0.8 | 0.8 |
| EV/EBITDA (x) | 5.0 | 7.3 | 6.1 |
| Div. Yield (%) | 11.4 | 6.6 | 8.7 |
| FCF Yield (%) | 45.9 | 4.5 | 9.8 |

Shareholding pattern (%)

| As On | Mar-21 | Dec-20 | Mar-20 |
|----------|--------|--------|--------|
| Promoter | 51.5 | 51.5 | 51.5 |
| DII | 13.1 | 13.7 | 13.5 |
| FII | 5.8 | 5.8 | 7.2 |
| Others | 29.6 | 29.0 | 27.8 |

FII Includes depository receipts

CMP: INR105
TP: INR152 (+45%)
Buy
Better margins lead beat; likely impact of lockdowns in 1QFY22

- IOCL reported a beat on EBITDA, driven by better-than-expected reported GRM (USD10.6/bbl), marketing margins (INR6.1/lit), and petchem margins (EBITDA/mt of USD419). The company has stopped disclosing segmental inventory gain/loss numbers.
- Lockdowns spurred by the second COVID wave in India have impacted demand for petroleum products. As stated by the company, petroleum product demand in India declined:
 - 5%/11% for petrol/diesel in Apr'21 (v/s 2019)
 - 33%/35% for petrol/diesel in May'21 (v/s 2019)
- Refinery utilization stood at ~96% in April and is at 84% in May'21; however, naphtha crackers are operating at 113% in May'21.
- Factoring in the same, we lower our FY22E EPS estimates by ~11%, primarily weighed by the impact on refining throughput and marketing sales in 1QFY22. SG GRMs that have been trending above USD2.5/bbl thus far in 1QFY22 have fallen to sub USD2/bbl levels – amid the emergence of COVID cases globally over the past few days. Meanwhile, petchem margins continue to trend at multi-year highs; we expect them to remain robust for some more months.
- In line with the company guidance, we believe the lifting of the COVID lockdowns across the globe would boost demand, driving an uptrend in GRM. However, the commissioning of already delayed petchem units across the globe would pressure margins due to a potential supply glut in FY23.
- Company's debt declined 14% YoY, with consol. at INR1,085b (v/s INR1,260b in FY20) and standalone at INR966b (v/s INR1,127b in FY20). IOCL declared final dividend of INR1.5/share (in addition to already declared interim dividend of INR10.5/share). This translates to ~12% dividend yield on current market price for the year. We expect the dividend payout to be around similar levels of 50% over FY22–23 as well (50.5% in FY21). We maintain Buy, with combined dividend yield of ~15.3% over FY22–23E.

Beat on EBITDA led by better margins

- EBITDA stood at INR135b (v/s our est. of INR83.8b and INR27.5b in 4QFY20). EBITDA included impairment loss in financial assets of INR12b and a reduction in PMUY loans by INR8.5b in 4Q. Employee cost was higher YoY on account of bonuses worth INR18b paid to employees in FY21. PAT stood at INR87.8b (v/s our est. of INR49.6b and loss of INR51.9b in 4QFY20).
- FY21 EBITDA/Adj. PAT stood at INR381b/INR218b (+68%/73% YoY).

Petchem continues to outshine
Refining: EBITDA stood at INR63.8b in 4QFY21 (INR66b in FY21).

- Refining throughput was in line with our est. at 17.6mmt (+3% YoY), translating to a utilization rate of 102.4% in 4QFY21. Refining throughput was down 10% YoY to 62.4mmt in FY21 (89.5% utilization rate), impacted by COVID-led closures in 1HFY21.

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 Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Reported GRM came in at USD10.6/bbl (v/s our est. of USD7.5/bbl) and USD5.6/bbl in FY21 (v/s USD0.1/bbl in FY20).

Marketing: EBITDA stood at INR34.4b in 4QFY21 (INR219b in FY21).

- Marketing sales volumes were in-line at 18.4mmt (-4% YoY) in 4QFY21. Marketing sales volumes were down 13% YoY to 68.4mmt in FY21.
- The marketing margin stood at INR6.1/lit (v/s our est. of INR4.1), averaging at INR6.8/lit in FY21 (v/s INR6.2 in FY20).
- IOCL commissioned ~3,000 fuel ROs in FY21 (total count: ~32,060 ROs) and plans to add a similar no. of outlets next year as well.

Petchem: EBITDA stood at INR22.5b (INR61b in FY21) – a better margin environment, along with an increase in petchem volumes, led to better EBITDA.

- Sales stood at 0.74mmt (+12% YoY) in 4QFY21, with implied EBITDA/mt at USD419 (v/s USD99 in 4QFY20). FY21 petchem sales were at record highs of 2.7mmt. The naphtha cracker was only impacted in 1QFY21; it has since been running at 115%. The LAB plant is at 110% and PP at Paradeep is at 60–65%.

Pipeline: EBITDA stood at INR16.1b in 4QFY21 (INR57b in FY21).

- Throughput was up 5% YoY to 21.85mmt (76mmt in FY21), with the total pipeline capacity utilization at 92.4% in 4QFY21 (80.4% in FY21) – reflecting improvement during the quarter, in line with product demand.

Valuation and view – maintain Buy

- FY21 capex stood at INR270b and FY22 guidance at INR285b. Government receivables were down to INR6.8b at end-FY21.
- The company is set to commission various projects over the next three years, which would further drive growth. The refinery projects currently underway are expected to be completed as follows: the Panipat refinery (up to 25mmtpa) by Sep'24, Gujarat refinery (up to 18mmtpa) by Aug'23, and Barauni refinery (up to 9mmtpa) by Apr'23. The three product pipelines are 85–94% complete and expected to be commissioned in 4QFY22.
- IOCL trades at 5.7x consol. FY23E EPS of INR18.3 and 0.8x FY23E PBV. IOCL has traded at a huge discount in the recent past decade due to its capex cycle and CPSE-led liquidity. We value it at 1.1x FY23 PBV to arrive at Target Price of INR152. Reiterate Buy.

Standalone - Quarterly Earnings Model

| Y/E March | (INR b) | | | | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | FY20 | | | | FY21 | | | | FY20 | FY21 | FY21 | Var. vs est. |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 4QE | 4QE | | |
| Net Sales | 1,315 | 1,117 | 1,246 | 1,184 | 624 | 856 | 1,063 | 1,237 | 4,863 | 3,781 | 1,370 | -10% |
| YoY Change (%) | 1.6 | (15.4) | (11.0) | (6.2) | (52.6) | (23.3) | (14.7) | 4.5 | (7.9) | (22.3) | 15.7 | |
| EBITDA | 83 | 47 | 68 | 27 | 55 | 94 | 96 | 135 | 226 | 381 | 84 | 61% |
| Margins (%) | 6.3 | 4.2 | 5.5 | 2.3 | 8.8 | 11.0 | 9.0 | 10.9 | 4.7 | 10.1 | 6.1 | |
| Depreciation | 21 | 21 | 22 | 24 | 24 | 24 | 25 | 26 | 88 | 98 | 25 | 2% |
| Forex loss | (1) | 11 | 2 | 25 | - | (8) | (4) | (8) | 38 | (19) | (3) | |
| Interest | 15 | 13 | 13 | 19 | 12 | 2 | 6 | 11 | 60 | 31 | 8 | 35% |
| Other Income | 5 | 6 | 6 | 17 | 6 | 8 | 9 | 3 | 35 | 26 | 13 | -75% |
| PBT before EO expense | 54 | 8 | 37 | (23) | 26 | 83 | 78 | 110 | 76 | 297 | 66 | 65% |
| PBT | 54 | 8 | 37 | (136) | 26 | 83 | 78 | 110 | (37) | 297 | 66 | 65% |
| Rate (%) | 33 | 31 | 37 | 62 | 27 | 25 | 37 | 20 | 136 | 27 | 25 | |
| Reported PAT | 36 | 6 | 23 | (52) | 19 | 62 | 49 | 88 | 13 | 218 | 50 | 77% |
| Adj PAT | 36 | 6 | 23 | 61 | 19 | 62 | 49 | 88 | 126 | 218 | 50 | 77% |
| Margins (%) | 2.7 | 0.5 | 1.9 | 5.2 | 3.1 | 7.3 | 4.6 | 7.1 | 2.6 | 5.8 | 3.6 | |
| Key Assumptions | | | | | | | | | | | | |
| Refining throughput (mmt) | 17.3 | 17.5 | 17.5 | 17.1 | 12.9 | 14.0 | 17.9 | 17.6 | 69.4 | 62.4 | 17.5 | 1% |
| Domestic sale of products (mmt) | 20.5 | 19.0 | 20.4 | 19.2 | 14.2 | 16.0 | 19.7 | 18.4 | 79.0 | 68.4 | 18.6 | -1% |
| Marketing GM incld inv (INR/litre) | 5.1 | 5.3 | 4.8 | 9.4 | 8.6 | 5.9 | 6.5 | 6.1 | 6.2 | 6.8 | 4.1 | 47% |

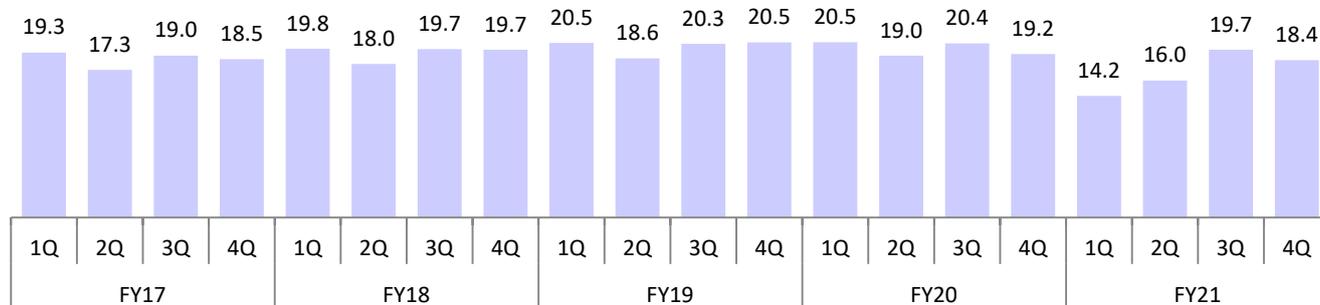
E: MOFSL Estimates

Exhibit 1: Key Assumptions

| Y End: March 31 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Exchange Rate (INR/USD) | 65.5 | 67.1 | 64.5 | 70.0 | 70.9 | 74.3 | 73.4 | 74.6 |
| Brent Crude (USD/bbl) | 48 | 49 | 58 | 70 | 61 | 44 | 60 | 60 |
| Domestic direct sales refined pdts (MMT) | 73 | 74 | 77 | 80 | 79 | 68 | 73 | 76 |
| YoY (%) | 6% | 2% | 4% | 4% | -1% | -13% | 6% | 4% |
| Reported GRM (USD/bbl) | 5.1 | 7.8 | 8.5 | 5.4 | 0.1 | 5.6 | 3.7 | 5.0 |
| Singapore GRM (USD/bbl) | 7.5 | 5.8 | 7.3 | 4.9 | 3.2 | 0.5 | 3.7 | 5.0 |
| Prem/(disc) (USD/bbl) | (2) | 2 | 1 | 1 | (3) | 5 | 0 | (0) |
| Refining capacity utilization (%) | 98% | 94% | 100% | 104% | 100% | 90% | 99% | 104% |
| Total Refinery throughput (MMT) | 56.7 | 65.2 | 69.0 | 71.8 | 69.4 | 62.4 | 68.7 | 72.0 |
| YoY (%) | 6% | 15% | 6% | 4% | -3% | -10% | 10% | 5% |
| Marketing Margin (INR/ltr) | | | | | | | | |
| Blended gross marketing margin incld inventory | 3.7 | 4.2 | 4.4 | 5.3 | 6.2 | 6.8 | 4.3 | 4.3 |
| Cons EPS | 11.6 | 22.2 | 24.6 | 18.8 | 10.3 | 23.7 | 13.8 | 18.3 |

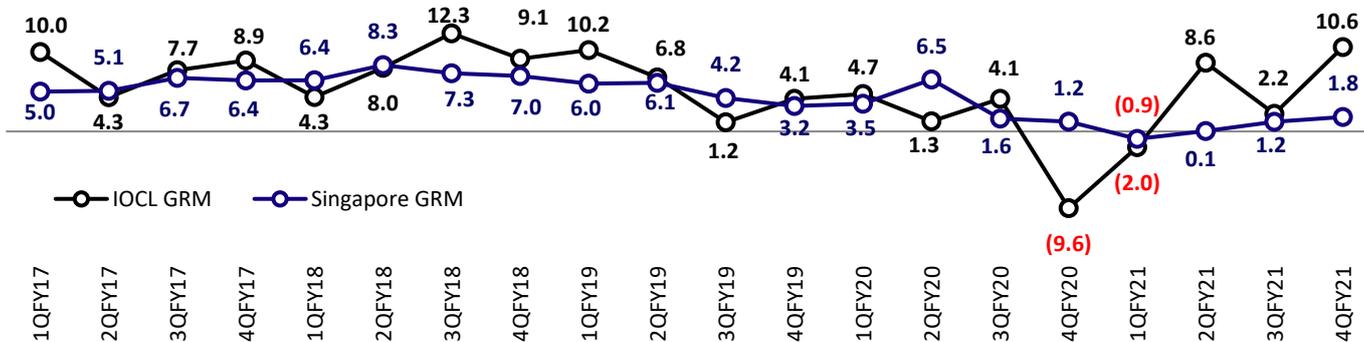
Source: Company, MOFSL

Exhibit 2: Domestic sales down 4% YoY / 6% QoQ (to 18.4mmt) in 4QFY21; FY21 sales down 13% YoY to 68.4mmt



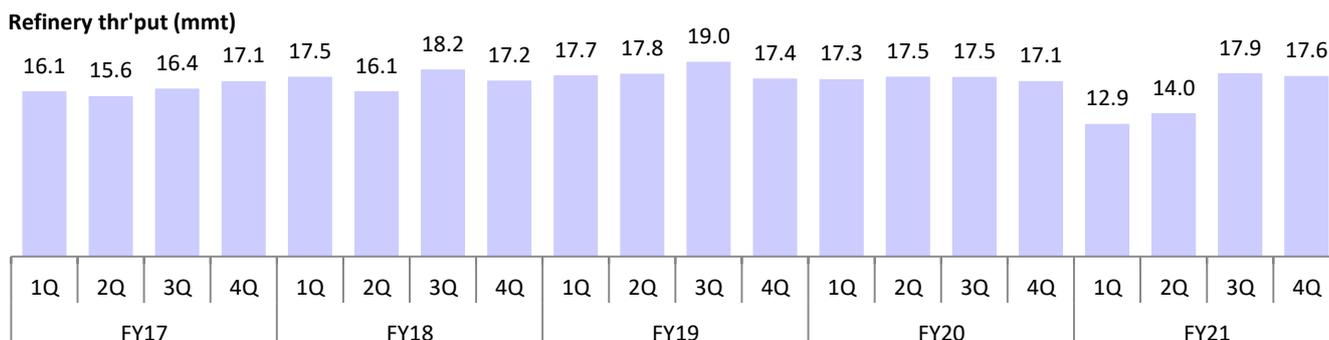
Source: Company, MOFSL

Exhibit 3: Reported GRM at USD10.6/bbl, including inventory gains of USD8.1/bbl



Source: Company, MOFSL

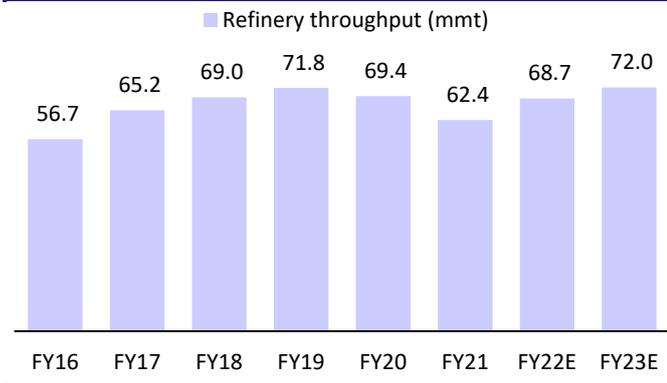
Exhibit 4: Refinery utilization at ~102.4% (at 17.6 mmt) in 4QFY21; FY21 refinery utilization at 89.5% (at 62.4mmt)



Source: Company, MOFSL

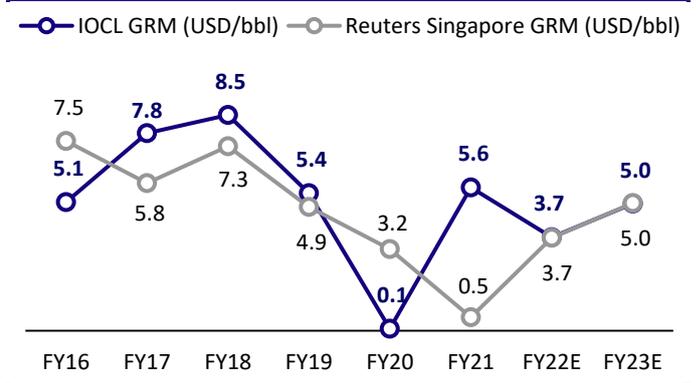
Story in charts

Exhibit 5: Refining throughput



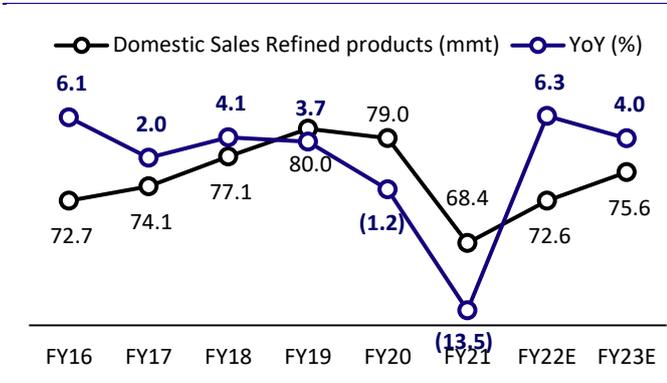
Source: Company, MOFSL

Exhibit 6: GRM trend



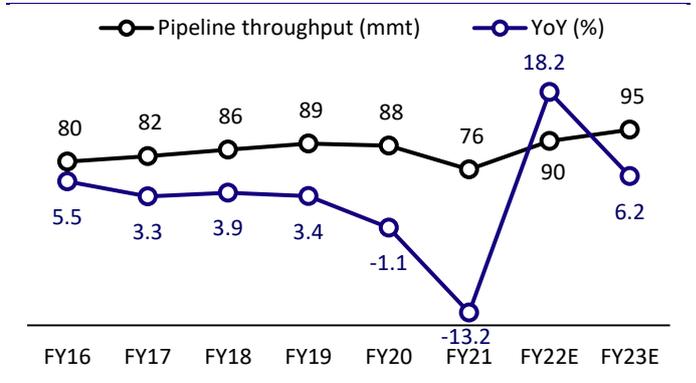
Source: Company, MOFSL

Exhibit 7: Marketing sales volumes



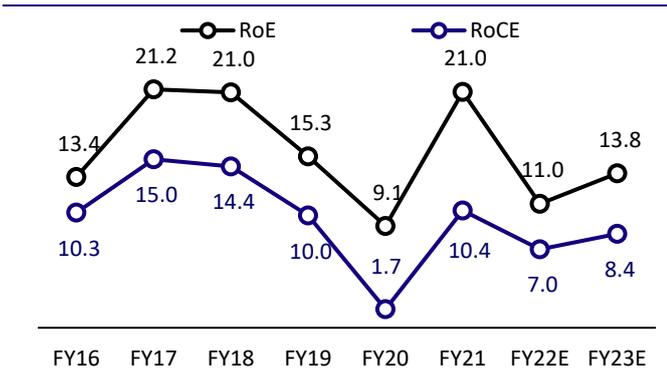
Source: Company, MOFSL

Exhibit 8: Pipeline throughput



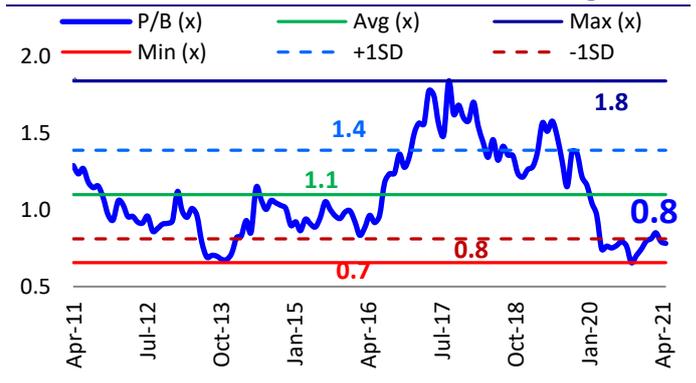
Source: Company, MOFSL

Exhibit 9: Return ratios



Source: Company, MOFSL

Exhibit 10: Trades at ~28% discount to LT PBV average



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR b)

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Income from Operations | 3,460 | 3,553 | 4,215 | 5,282 | 4,838 | 3,639 | 4,494 | 4,774 |
| Change (%) | -22.8 | 2.7 | 18.6 | 25.3 | -8.4 | -24.8 | 23.5 | 6.2 |
| EBITDA | 234 | 340 | 416 | 352 | 168 | 406 | 285 | 347 |
| Margin (%) | 6.8 | 9.6 | 9.9 | 6.7 | 3.5 | 11.2 | 6.3 | 7.3 |
| Depreciation | 57 | 68 | 77 | 85 | 103 | 109 | 113 | 118 |
| EBIT | 177 | 272 | 340 | 267 | 66 | 296 | 172 | 229 |
| Int. and Finance Charges | 35 | 37 | 38 | 49 | 66 | 36 | 45 | 47 |
| Other Income (incld forex) | 22 | 39 | 34 | 27 | 28 | 35 | 39 | 39 |
| PBT bef. EO Exp. | 165 | 273 | 335 | 245 | 28 | 296 | 167 | 221 |
| EO Items | 14 | 0 | 0 | 0 | -113 | 0 | 0 | 0 |
| PBT after EO Exp. | 178 | 273 | 335 | 245 | -85 | 296 | 167 | 221 |
| Total Tax | 57 | 76 | 118 | 87 | -53 | 90 | 42 | 56 |
| Tax Rate (%) | 31.7 | 27.7 | 35.3 | 35.3 | 62.0 | 30.4 | 25.2 | 25.2 |
| Reported PAT | 120 | 204 | 226 | 173 | -19 | 218 | 127 | 168 |
| Adjusted PAT | 111 | 204 | 226 | 173 | 24 | 218 | 127 | 168 |
| Change (%) | 195.5 | 83.8 | 11.0 | -23.7 | -86.0 | 801.4 | -41.6 | 32.6 |
| Margin (%) | 3.2 | 5.7 | 5.4 | 3.3 | 0.5 | 6.0 | 2.8 | 3.5 |

Consolidated - Balance Sheet

(INR b)

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity Share Capital | 24 | 47 | 95 | 92 | 92 | 92 | 92 | 92 |
| Total Reserves | 876 | 974 | 1,044 | 1,033 | 862 | 1,027 | 1,090 | 1,175 |
| Net Worth | 900 | 1,021 | 1,139 | 1,125 | 954 | 1,118 | 1,182 | 1,267 |
| Minority Interest | 14 | 19 | 22 | 19 | 9 | 10 | 10 | 10 |
| Total Loans | 481 | 588 | 621 | 927 | 1,260 | 1,085 | 1,139 | 1,196 |
| Deferred Tax Liabilities | 70 | 69 | 124 | 165 | 114 | 140 | 140 | 140 |
| Capital Employed | 1,465 | 1,697 | 1,905 | 2,236 | 2,337 | 2,353 | 2,471 | 2,612 |
| Gross Block | 1,048 | 1,272 | 1,429 | 1,599 | 1,847 | 2,057 | 2,472 | 2,755 |
| Less: Accum. Deprn. | 48 | 112 | 189 | 274 | 376 | 486 | 599 | 717 |
| Net Fixed Assets | 1,000 | 1,160 | 1,241 | 1,325 | 1,470 | 1,571 | 1,873 | 2,038 |
| Capital WIP | 262 | 168 | 191 | 250 | 328 | 363 | 198 | 165 |
| Total Investments | 312 | 437 | 448 | 441 | 356 | 447 | 447 | 447 |
| Curr. Assets, Loans & Adv. | 741 | 971 | 1,077 | 1,336 | 1,143 | 1,168 | 1,321 | 1,397 |
| Inventory | 423 | 659 | 706 | 771 | 670 | 834 | 979 | 1,030 |
| Account Receivables | 77 | 89 | 107 | 158 | 133 | 138 | 167 | 177 |
| Cash and Bank Balance | 11 | 4 | 5 | 11 | 23 | 25 | 15 | 36 |
| Loans and Advances | 231 | 219 | 259 | 396 | 317 | 171 | 160 | 153 |
| Curr. Liability & Prov. | 850 | 1,038 | 1,051 | 1,116 | 961 | 1,196 | 1,368 | 1,434 |
| Account Payables | 725 | 815 | 885 | 992 | 848 | 1,087 | 1,260 | 1,325 |
| Provisions | 125 | 223 | 167 | 124 | 112 | 109 | 109 | 109 |
| Net Current Assets | -109 | -67 | 25 | 220 | 182 | -28 | -47 | -37 |
| Appl. of Funds | 1,465 | 1,697 | 1,905 | 2,236 | 2,337 | 2,353 | 2,471 | 2,612 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E |
|-------------------------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | 12.1 | 22.2 | 24.6 | 18.8 | 2.6 | 23.7 | 13.8 | 18.3 |
| Cash EPS | 18.3 | 29.7 | 33.0 | 28.1 | 13.8 | 35.6 | 26.1 | 31.2 |
| BV/Share | 98.0 | 111.2 | 124.0 | 122.5 | 103.9 | 121.8 | 128.8 | 138.0 |
| DPS | 3.1 | 11.5 | 11.5 | 9.3 | 4.3 | 12.0 | 6.9 | 9.1 |
| Payout (%) | 29 | 62 | 55 | 58 | -243 | 51 | 50 | 50 |
| Valuation (x) | | | | | | | | |
| P/E | 8.7 | 4.7 | 4.3 | 5.6 | 39.9 | 4.4 | 7.6 | 5.7 |
| Cash P/E | 5.7 | 3.5 | 3.2 | 3.7 | 7.6 | 2.9 | 4.0 | 3.4 |
| P/BV | 1.1 | 0.9 | 0.8 | 0.9 | 1.0 | 0.9 | 0.8 | 0.8 |
| EV/Sales | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 | 0.6 | 0.5 | 0.4 |
| EV/EBITDA | 6.1 | 4.6 | 3.8 | 5.3 | 13.1 | 5.0 | 7.3 | 6.1 |
| Dividend Yield (%) | 3.0 | 10.9 | 11.0 | 8.8 | 4.0 | 11.4 | 6.6 | 8.7 |
| FCF per share | 22.5 | 25.8 | 25.1 | 2.6 | -4.8 | 48.1 | 4.8 | 10.3 |
| Return Ratios (%) | | | | | | | | |
| RoE | 14.0 | 21.2 | 21.0 | 15.3 | 2.3 | 21.0 | 11.0 | 13.8 |
| RoCE | 10.3 | 15.0 | 14.4 | 10.0 | 1.7 | 10.4 | 7.0 | 8.4 |
| RoIC | 14.7 | 19.9 | 18.7 | 12.4 | 1.6 | 13.1 | 7.7 | 9.1 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 3.3 | 2.8 | 2.9 | 3.3 | 2.6 | 1.8 | 1.8 | 1.7 |
| Asset Turnover (x) | 2.4 | 2.1 | 2.2 | 2.4 | 2.1 | 1.5 | 1.8 | 1.8 |
| Inventory (Days) | 45 | 68 | 61 | 53 | 51 | 84 | 80 | 79 |
| Debtor (Days) | 8 | 9 | 9 | 11 | 10 | 14 | 14 | 14 |
| Creditor (Days) | 77 | 84 | 77 | 69 | 64 | 109 | 102 | 101 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 0.9 | 0.9 | 1.0 | 1.2 | 1.2 | 1.0 | 1.0 | 1.0 |
| Interest Cover Ratio | 5.1 | 7.3 | 8.8 | 5.5 | 1.0 | 8.3 | 3.9 | 4.9 |
| Net Debt/Equity | 0.5 | 0.6 | 0.5 | 0.8 | 1.3 | 0.9 | 1.0 | 0.9 |

Consolidated - Cash Flow Statement

(INR b)

| Y/E March | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22E | FY23E |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OP/(Loss) before Tax | 181 | 280 | 345 | 259 | -72 | 308 | 167 | 221 |
| Depreciation | 57 | 69 | 77 | 85 | 103 | 109 | 113 | 118 |
| Direct Taxes Paid | -31 | -70 | -73 | -56 | -22 | -41 | -42 | -56 |
| (Inc)/Dec in WC | 34 | -76 | -29 | -165 | 50 | 91 | 9 | 12 |
| CF from Operations | 256 | 282 | 291 | 127 | 71 | 499 | 294 | 345 |
| (Inc)/Dec in FA | -50 | -45 | -61 | -103 | -116 | -57 | -250 | -250 |
| Free Cash Flow | 207 | 237 | 230 | 24 | -44 | 442 | 44 | 95 |
| (Pur)/Sale of Investments | -3 | -93 | -24 | -2 | -5 | -40 | 0 | 0 |
| CF from Investments | -136 | -177 | -171 | -226 | -291 | -242 | -250 | -250 |
| Dividend Paid | -35 | -128 | -115 | -117 | -58 | -84 | -63 | -84 |
| CF from Fin. Activity | -122 | -112 | -119 | 104 | 232 | -254 | -54 | -73 |
| Inc/Dec of Cash | -2 | -6 | 1 | 6 | 12 | 2 | -10 | 21 |
| Opening Balance | 12 | 11 | 4 | 5 | 11 | 23 | 25 | 15 |
| Closing Balance | 11 | 4 | 5 | 11 | 23 | 25 | 15 | 36 |

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| 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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