

# Zen Technologies

Estimate change	↑
TP change	↑
Rating change	↓

Bloomberg	ZEN IN
Equity Shares (m)	90
M.Cap.(INRb)/(USDb)	170.2 / 2
52-Week Range (INR)	2628 / 894
1,6,12 Rel. Per (%)	21/0/85
12M Avg Val (INR M)	1067

## Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	9.3	10.8	16.7
EBITDA	3.1	4.0	6.2
EBITDA Margin (%)	33.7	37.0	37.0
PAT	2.6	3.4	5.2
EPS (INR)	29.1	37.9	57.1
EPS Growth (%)	107.3	30.3	50.5
BV/Share (INR)	187.1	225.0	282.1

## Ratios

Net D/E	-0.6	-0.6	-0.5
RoE (%)	24.6	18.4	22.5
RoCE (%)	24.6	18.3	22.4

## Valuations

P/E (x)	64.7	49.7	33.0
P/BV (x)	10.1	8.4	6.7
EV/EBITDA (x)	51.7	40.1	25.7

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	49.1	49.1	55.1
DII	9.5	9.0	3.3
FII	6.4	8.8	4.5
Others	35.1	33.2	37.2

FII Includes depository receipts

**CMP: INR1,885 TP: INR1,750 (-7%) Downgrade to Neutral**

## Decent results; Downgrade to Neutral on expensive valuations

Zen Tech posted a strong set of numbers with a beat on revenue and PAT in 4QFY25. The company received order inflows of INR1.5b during the quarter, and the current order book stands at INR6.9b. We expect Zen to benefit from the fast-tracking of defense orders in light of current geopolitical concerns. With acquisitions done during FY25, Zen was able to expand its portfolio of offerings. We upgrade our estimates by 4%/7% for FY26/27 and revise the TP to INR1,750 based on 30x Mar'27E earnings (from INR1,600). The stock is currently trading at 49.7x/33.0x P/E on FY26/27E earnings. Our estimates bake in a CAGR of 34%/40% in revenue/PAT over FY25-27 with strong EBITDA margin of 37%. While we remain positive on the company and its ability to capitalize on upcoming demand for simulators and anti-drones, our estimates and current valuations capture the positives related to upcoming orders and correspondingly a 40% PAT CAGR over FY25-27. The stock has moved up by 74% since our last update in Feb'25. We thus downgrade the stock to Neutral from BUY and would look for better price points to enter the stock.

## Beat on revenue and PAT

Zen posted a decent set of numbers with a beat on revenue and PAT. Revenue jumped 116% YoY to INR2.9b, beating our est. by 11%. Absolute EBITDA was largely in line with our estimate, increasing 109% YoY to INR944m. EBITDA margin contracted 100bp YoY to 32.2% vs. our estimate of 36.4% primarily due to a lower-than-expected gross margin of 59% (vs. our est. of 67%). PAT surged 177% YoY to INR849m, beating our estimate by 15% (est. of INR737m) due to a lower-than-expected tax rate and higher other income. PAT margin expanded 630bp YoY to 28.9% vs. our estimate of 27.9%. The company received orders worth INR1.5b in the quarter, leading to an order book of INR6.9b. For FY25, revenue/EBITDA/PAT were in line with our estimates at INR9.3b/INR3.1b/INR2.6b.

## Prospect pipeline strong but prolonged

The company's standalone order book stands at INR6.9b as of Mar'25, with additional INR1b from subsidiaries. Within this, the product order book stands at INR4.2b, which we believe will be executed during 1HFY26. The company has maintained order inflow guidance of ~INR8b in 1HFY26, primarily from simulators. In 4QFY25, Zen was awarded an order from MoD worth INR1.5b for Integrated Air Defense-Combat Simulators (IADCS) for the L70 gun. The order pipeline has grown significantly due to increased government urgency following recent border incidents and geopolitical tensions. However, the finalization of these tenders may happen after 1HFY26. These orders are expected to be related to both anti-drone and simulators. Exports are also a key pipeline focus, especially for simulators and anti-drone solutions, and Zen expects inflows to materialize from the US by FY27.

### Update on acquisitions

During the quarter, Zen acquired a 76% stake in ARIPL in Feb'25, with the remaining 24% expected to be acquired in FY26. ARIPL has expertise in marine and naval simulations, and the company sees a strong potential for synergies with this acquisition. With the strategic acquisition of a 51% stake in Vector Technics - one of the few indigenous manufacturers of critical drone components – the company has entered the core of the drone ecosystem. Further, the company has acquired 45.33% in Bhairav Robotics, a company focused on robotics and autonomous weapons systems. These acquisitions mark a significant step forward in the direction of next generation defense technologies and future-ready national security solutions. The company has also invested USD10m (INR868.6m) in its wholly owned subsidiary Zen Technologies USA, Inc. to expand its footprint in North America and leverage new growth opportunities in the region.

### Guidance

While FY26 is expected to be a muted year due to order delays and execution timelines, Zen maintains a medium-term guidance of 50% CAGR in revenue. The revised target over FY26-FY28 stands at a cumulative INR60b+ in revenue (from a base of INR9b in FY25) --- INR10b in FY26, INR20b in FY27, and INR30 in FY28. Margin guidance remains strong at 35% on EBITDA level and 25% on PAT level, which the company has reaffirmed for the coming years. Management emphasized that while order inflows may accelerate in 1HFY26, actual revenue recognition may shift to FY27, hence the softer near-term outlook.

### Financial outlook

We upgrade our estimates by 4%/7% for FY26/27. We expect a revenue/EBITDA/PAT CAGR of 34%/40%/40% during FY25-27. This will be led by: 1) revival in order inflows across simulators and anti-drones, 2) EBITDA margin of 37% for FY26 and FY27, and 3) control over working capital due to improved collections.

### Valuation and view

The stock currently trades at 49.7x/33.0x P/E on FY26/27E earnings. We raise our estimates to factor in a pickup in order inflows and prospect pipelines across simulators and anti-drones. We **revise TP to INR1,750 based on 30x Mar'27E earnings (from INR1,600 earlier)**. While we remain positive about the company and its ability to capitalize on upcoming demand for simulators and anti-drones, our estimates and current valuations capture the positives related to upcoming orders and correspondingly 40% PAT CAGR over FY25-27. The stock has moved up by 74% since our last update in Feb'25. We thus **downgrade the stock to Neutral** and would look for better price points to enter the stock.

### Key risks and concerns

Any slowdown in procurement from the defense industry, especially for simulators, can expose the company to the risk of reduced order inflows and hinder its growth. Zen is also exposed to foreign currency risks for its export revenue. High working capital can also pose risks to cash flows, as historically, its working capital has remained high due to issues related to high debtors and high inventories. This is likely to come down due to improved collections and lower inventory, as per management. However, any delays in the same can affect cash flows for FY26/27.

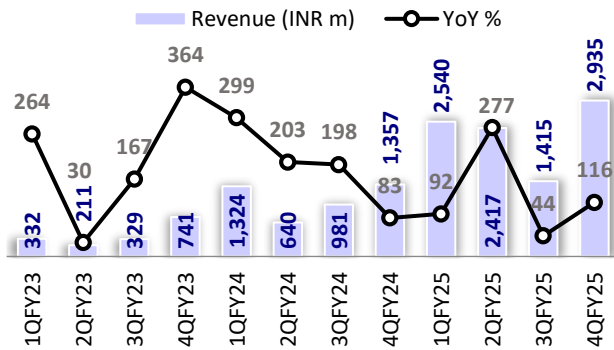
**Standalone - Quarterly Earning Model**

(InR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
<b>Net Sales</b>	<b>1,324</b>	<b>640</b>	<b>981</b>	<b>1,357</b>	<b>2,540</b>	<b>2,417</b>	<b>1,415</b>	<b>2,935</b>	<b>4,303</b>	<b>9,307</b>	<b>2,639</b>	<b>11</b>
YoY Change (%)	298.5	203.1	197.8	83.0	91.7	277.4	44.3	116.3	166.5	116.3	94.5	
Total Expenditure	663	423	539	906	1,508	1,623	1,048	1,991	2,530	6,169	1,679	19
<b>EBITDA</b>	<b>662</b>	<b>218</b>	<b>442</b>	<b>451</b>	<b>1,032</b>	<b>794</b>	<b>367</b>	<b>944</b>	<b>1,772</b>	<b>3,137</b>	<b>960</b>	<b>(2)</b>
Margins (%)	50.0	34.0	45.1	33.2	40.6	32.9	26.0	32.2	41.2	33.7	36.4	
Depreciation	15	18	19	22	22	23	26	29	73	101	19	59
Interest	4	4	4	6	10	21	27	36	18	94	25	46
Other Income	26	48	42	23	30	84	220	244	139	578	134	82
<b>PBT</b>	<b>670</b>	<b>243</b>	<b>461</b>	<b>422</b>	<b>1,030</b>	<b>835</b>	<b>534</b>	<b>1,122</b>	<b>1,796</b>	<b>3,520</b>	<b>1,051</b>	<b>7</b>
Tax	199	70	144	140	288	182	147	273	552	890	313	(13)
Rate (%)	29.6	28.7	31.2	33.2	28.0	21.8	27.6	24.3	30.7	25.3	29.8	
<b>Reported PAT</b>	<b>471</b>	<b>173</b>	<b>317</b>	<b>282</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>849</b>	<b>1,244</b>	<b>2,630</b>	<b>737</b>	<b>15</b>
<b>Adj PAT</b>	<b>471</b>	<b>173</b>	<b>317</b>	<b>306</b>	<b>742</b>	<b>652</b>	<b>386</b>	<b>849</b>	<b>1,268</b>	<b>2,630</b>	<b>737</b>	<b>15</b>
YoY Change (%)	474.2	279.1	467.2	77.3	57.4	276.1	21.9	177.3	237.0	107.3	140.8	
Margins (%)	35.6	27.1	32.3	22.6	29.2	27.0	27.3	28.9	29.5	28.3	27.9	

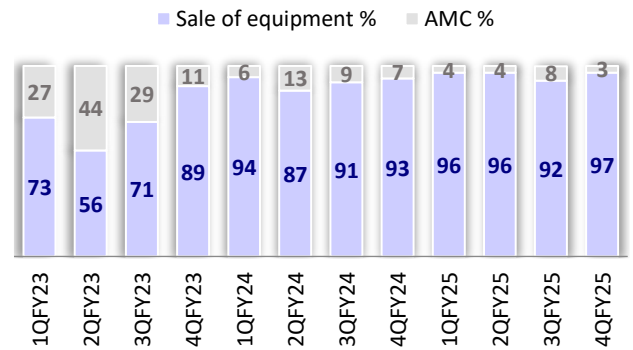
## Key Exhibits

**Exhibit 1: Overall revenue growth stood at 44% YoY and was higher than our estimates**



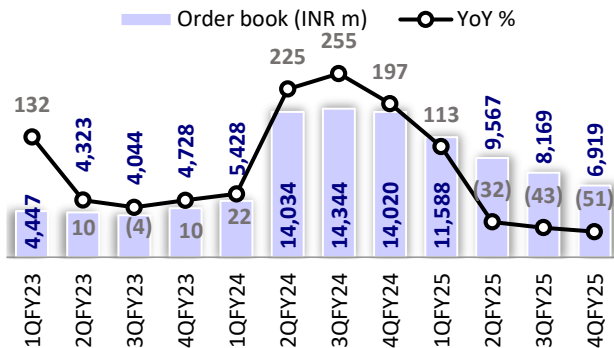
Source: Company, MOFSL

**Exhibit 2: Share of revenue from the sale of equipment remains a major contributor**



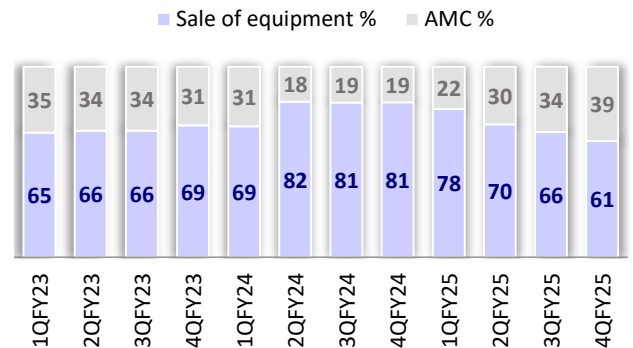
Source: Company, MOFSL

**Exhibit 3: Order book indicating a downward trend on increased execution of equipment orders**



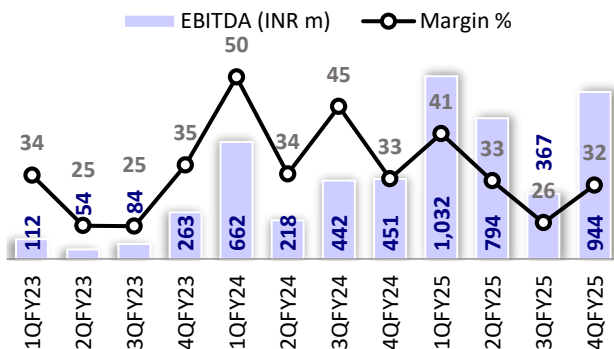
Source: Company, MOFSL

**Exhibit 4: Share of AMC in order book on rise QoQ due to sustained nature of the contracts compared to equipment**



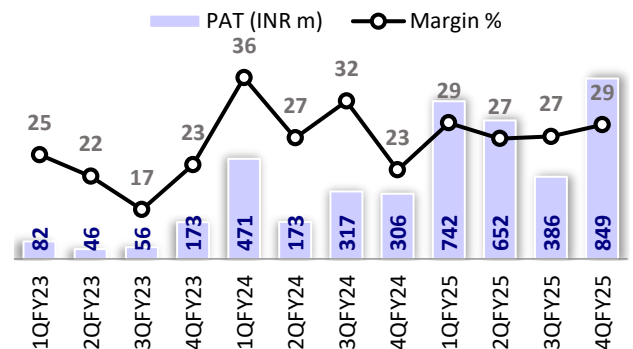
Source: Company, MOFSL

**Exhibit 5: EBITDA grew 109% YoY while margin contracted 100bp YoY**



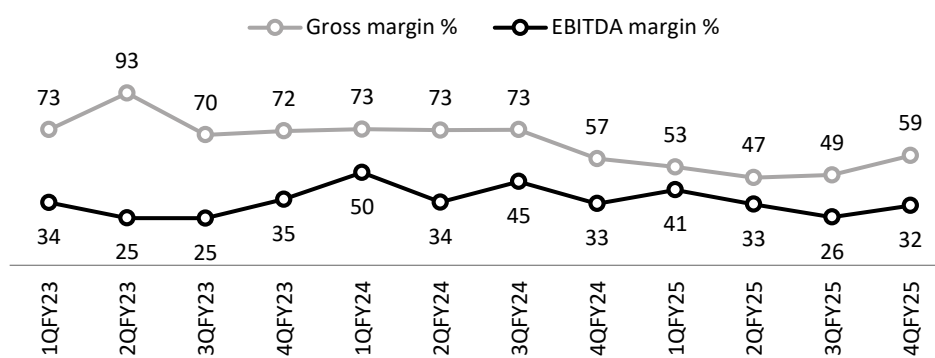
Source: Company, MOFSL

**Exhibit 6: PAT increased 177% YoY while PAT margin expanded 630bp YoY**



Source: Company, MOFSL

**Exhibit 7: Gross margin and EBITDA margin expanded QoQ**



Source: Company, MOFSL

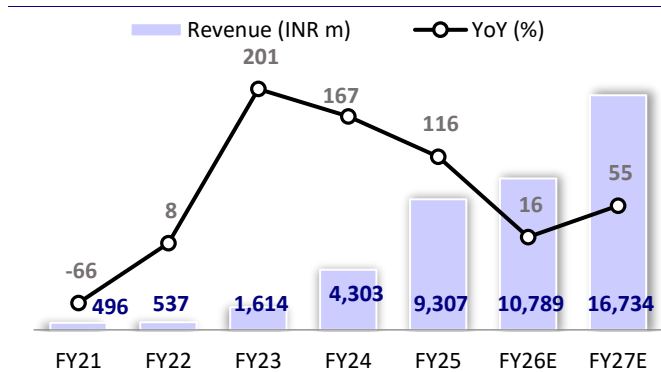
**Exhibit 8: We revise our estimates upward to factor in a healthy prospect pipeline**

(INR m)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	10,790	10,563	2.1	16,736	15,817	5.8
EBITDA	3,992	3,908	2.1	6,192	5,852	5.8
EBITDA (%)	37.0	37.0	0 bp	37.0	37.0	0 bp
Adj. PAT	3,426	3,295	4.0	5,157	4,812	7.2
EPS (INR)	38	36	4.0	57	53	7.2

Source: MOFSL

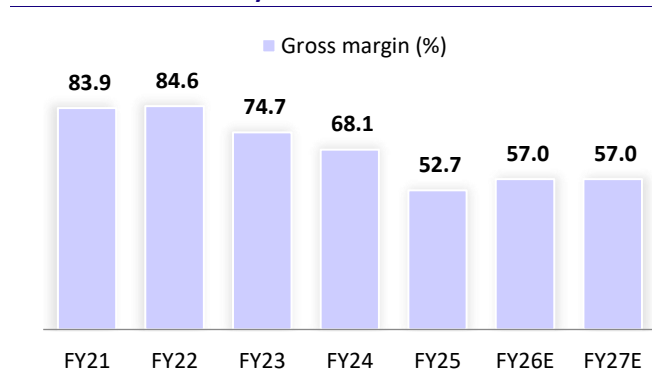
## Financial outlook

**Exhibit 9: We expect Zen's revenue to clock a 34% CAGR over FY25-FY27**



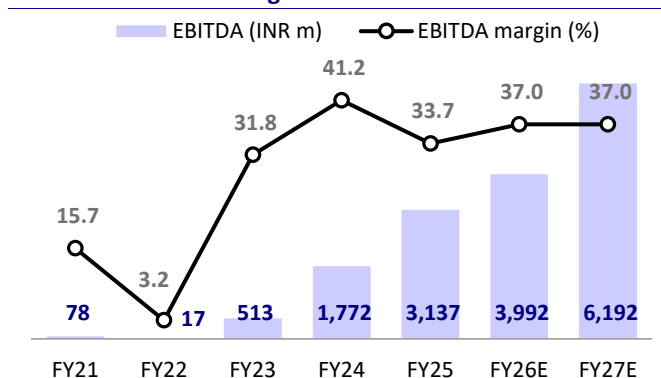
Source: Company, MOFSL

**Exhibit 10: Gross margin to normalize and remain at comfortable levels beyond FY25**



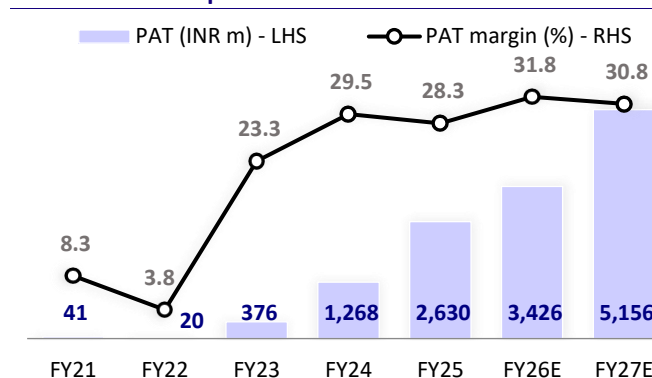
Source: Company, MOFSL

**Exhibit 11: EBITDA margin to remain above 35% levels**



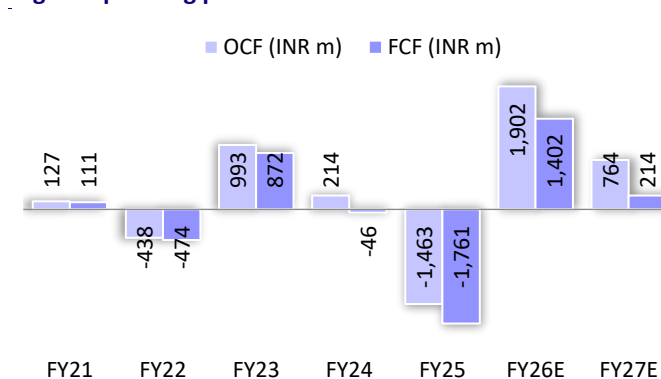
Source: Company, MOFSL

**Exhibit 12: We expect 40% PAT CAGR over FY25-FY27**



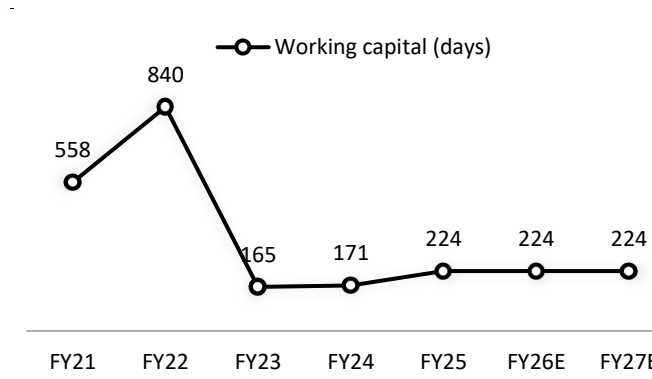
Source: Company, MOFSL

**Exhibit 13: OCF and FCF to turn positive from FY26 led by higher operating profit**



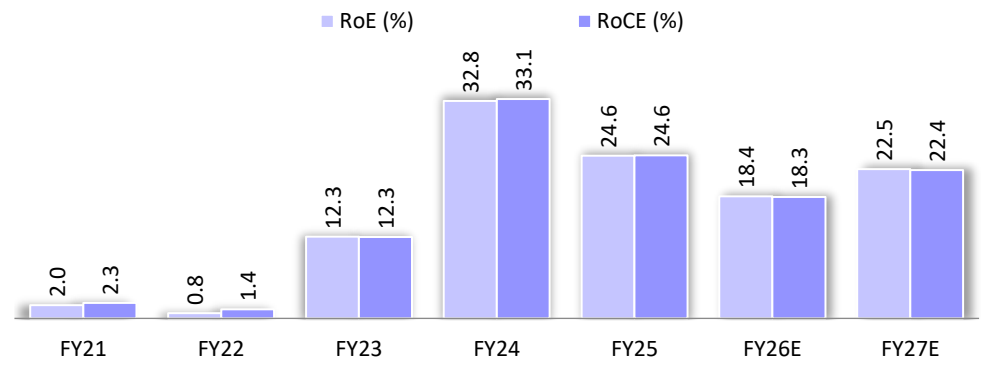
Source: Company, MOFSL

**Exhibit 14: NWC expected to stabilize on improved collections**



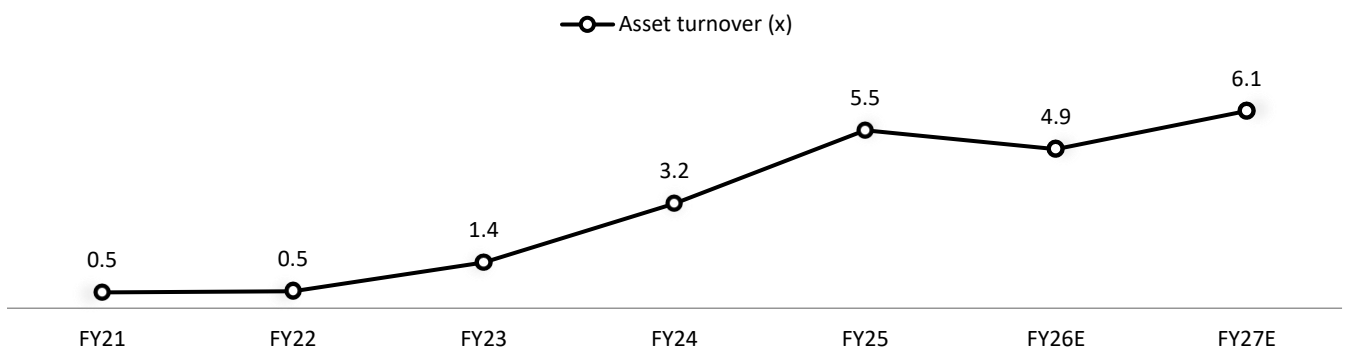
Source: Company, MOFSL

**Exhibit 15: ROE and ROCE expected to reach above 20% levels**



Source: Company, MOFSL

**Exhibit 16: With an improved product mix, we expect the asset turnover ratio to improve**



Source: Company, MOFSL

## Financials and valuations

### Standalone - Income Statement

(INR m)

Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Total Income from Operations</b>	<b>1,470</b>	<b>496</b>	<b>537</b>	<b>1,614</b>	<b>4,303</b>	<b>9,307</b>	<b>10,789</b>	<b>16,734</b>
Change (%)	59.4	-66.3	8.4	200.6	166.5	116.3	15.9	55.1
Raw Materials	390	80	83	408	1,373	4,402	4,639	7,196
<b>Gross Profit</b>	<b>1,080</b>	<b>416</b>	<b>454</b>	<b>1,206</b>	<b>2,930</b>	<b>4,904</b>	<b>6,150</b>	<b>9,538</b>
Employee Cost	167	127	148	228	432	570	755	1,171
Other Expenses	278	211	289	465	726	1,197	1,403	2,175
<b>Total Expenditure</b>	<b>834</b>	<b>418</b>	<b>520</b>	<b>1,102</b>	<b>2,530</b>	<b>6,169</b>	<b>6,797</b>	<b>10,542</b>
% of Sales	56.7	84.3	96.8	68.2	58.8	66.3	63.0	63.0
<b>EBITDA</b>	<b>636</b>	<b>78</b>	<b>17</b>	<b>513</b>	<b>1,772</b>	<b>3,137</b>	<b>3,992</b>	<b>6,192</b>
Margin (%)	43.3	15.7	3.2	31.8	41.2	33.7	37.0	37.0
Depreciation	38	40	37	44	73	101	130	165
<b>EBIT</b>	<b>599</b>	<b>38</b>	<b>-20</b>	<b>469</b>	<b>1,699</b>	<b>3,036</b>	<b>3,862</b>	<b>6,027</b>
Int. and Finance Charges	32	10	14	20	18	94	104	114
Other Income	19	29	53	91	139	578	846	1,018
<b>PBT bef. EO Exp.</b>	<b>586</b>	<b>57</b>	<b>19</b>	<b>539</b>	<b>1,820</b>	<b>3,520</b>	<b>4,605</b>	<b>6,930</b>
EO Items	-1	0	-2	14	-24	0	0	0
<b>PBT after EO Exp.</b>	<b>587</b>	<b>57</b>	<b>20</b>	<b>525</b>	<b>1,844</b>	<b>3,520</b>	<b>4,605</b>	<b>6,930</b>
Total Tax	-20	16	-2	163	552	890	1,179	1,774
Tax Rate (%)	-3.3	27.8	-7.9	31.0	29.9	25.3	25.6	25.6
<b>Reported PAT</b>	<b>606</b>	<b>41</b>	<b>22</b>	<b>362</b>	<b>1,292</b>	<b>2,630</b>	<b>3,426</b>	<b>5,156</b>
<b>Adjusted PAT</b>	<b>605</b>	<b>41</b>	<b>20</b>	<b>376</b>	<b>1,268</b>	<b>2,630</b>	<b>3,426</b>	<b>5,156</b>
Change (%)	214.4	-93.2	-50.5	1,753.7	237.0	107.3	30.3	50.5
Margin (%)	41.2	8.3	3.8	23.3	29.5	28.3	31.8	30.8

### Standalone - Balance Sheet

(INR m)

Y/E Mar	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	77	80	80	80	84	90	90	90
Total Reserves	1,910	2,052	2,837	3,112	4,447	16,800	20,225	25,382
<b>Net Worth</b>	<b>1,988</b>	<b>2,132</b>	<b>2,917</b>	<b>3,192</b>	<b>4,531</b>	<b>16,890</b>	<b>20,316</b>	<b>25,472</b>
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	9	9	123	59	0	522	522	522
Deferred Tax Liabilities	-203	-206	-201	-134	63	2	2	2
<b>Capital Employed</b>	<b>1,794</b>	<b>1,935</b>	<b>2,839</b>	<b>3,117</b>	<b>4,595</b>	<b>17,414</b>	<b>20,840</b>	<b>25,996</b>
Gross Block	995	1,012	1,016	1,142	1,326	1,689	2,189	2,739
Less: Accum. Deprn.	351	391	425	468	541	642	772	937
<b>Net Fixed Assets</b>	<b>644</b>	<b>621</b>	<b>591</b>	<b>674</b>	<b>785</b>	<b>1,047</b>	<b>1,417</b>	<b>1,802</b>
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	0	0	25	19	107	70	70	70
<b>Total Investments</b>	<b>159</b>	<b>241</b>	<b>243</b>	<b>243</b>	<b>263</b>	<b>2,185</b>	<b>2,185</b>	<b>2,185</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>1,128</b>	<b>1,169</b>	<b>2,517</b>	<b>3,394</b>	<b>6,029</b>	<b>15,452</b>	<b>18,722</b>	<b>24,349</b>
Inventory	104	86	142	411	1,334	510	591	917
Account Receivables	444	174	196	662	1,691	3,784	4,387	6,804
Cash and Bank Balance	185	333	761	1,472	1,422	8,392	10,537	11,654
Loans and Advances	299	563	1,404	812	1,564	2,753	3,191	4,950
Other Current Asset	96	13	15	36	17	13	15	24
<b>Curr. Liability &amp; Prov.</b>	<b>138</b>	<b>95</b>	<b>538</b>	<b>1,213</b>	<b>2,589</b>	<b>1,340</b>	<b>1,554</b>	<b>2,410</b>
Account Payables	111	78	520	1,190	2,559	1,309	1,518	2,354
Other Current Liabilities	16	17	18	23	0	0	0	0
Provisions	10	1	0	0	31	31	36	56
<b>Net Current Assets</b>	<b>990</b>	<b>1,074</b>	<b>1,979</b>	<b>2,181</b>	<b>3,440</b>	<b>14,112</b>	<b>17,168</b>	<b>21,939</b>
<b>Appl. of Funds</b>	<b>1,793</b>	<b>1,935</b>	<b>2,839</b>	<b>3,117</b>	<b>4,595</b>	<b>17,414</b>	<b>20,840</b>	<b>25,996</b>



## Financials and valuations

<b>Ratios</b>								
<b>Y/E Mar</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.7</b>	<b>0.5</b>	<b>0.2</b>	<b>4.2</b>	<b>14.0</b>	<b>29.1</b>	<b>37.9</b>	<b>57.1</b>
Cash EPS	7.1	0.9	0.6	4.7	14.9	30.2	39.4	58.9
BV/Share	22.0	23.6	32.3	35.4	50.2	187.1	225.0	282.1
DPS	0.4	0.1	0.1	0.2	1.0	0.0	0.0	0.0
Payout (%)	5.1	19.4	39.2	4.2	6.6	0.0	0.0	0.0
<b>Valuation (x)</b>								
P/E	281.1	4,149.9	8,381.6	452.2	134.2	64.7	49.7	33.0
Cash P/E	264.7	2,103.2	2,953.9	405.0	126.8	62.3	47.9	32.0
P/BV	85.6	79.8	58.3	53.3	37.5	10.1	8.4	6.7
EV/Sales	115.6	342.6	315.6	104.5	39.2	17.4	14.8	9.5
EV/EBITDA	267.2	2,188.4	9,855.2	329.0	95.2	51.7	40.1	25.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
FCF per share	6.9	1.3	-5.2	9.7	-0.5	-19.5	15.5	2.4
<b>Return Ratios (%)</b>								
RoE	35.6	2.0	0.8	12.3	32.8	24.6	18.4	22.5
RoCE	33.4	2.3	1.4	12.3	33.1	24.6	18.3	22.4
RoIC	42.2	1.9	-1.4	20.3	56.9	47.4	38.8	44.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.5	0.5	0.5	1.4	3.2	5.5	4.9	6.1
Asset Turnover (x)	0.8	0.3	0.2	0.5	0.9	0.5	0.5	0.6
Inventory (Days)	26	64	96	93	113	20	20	20
Debtor (Days)	110	128	133	150	143	148	148	148
Creditor (Days)	28	57	353	269	217	51	51	51
<b>Leverage Ratio (x)</b>								
Current Ratio	8.2	12.3	4.7	2.8	2.3	11.5	12.0	10.1
Interest Cover Ratio	18.8	3.8	-1.4	23.1	92.3	32.2	37.3	52.9
Net Debt/Equity	-0.2	-0.3	-0.3	-0.5	-0.4	-0.6	-0.6	-0.5

<b>Standalone - Cashflow Statement</b>							<b>(INR m)</b>	
<b>Y/E Mar</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
OP/(Loss) before Tax	586	57	19	539	1,844	3,520	4,605	6,930
Depreciation	38	40	37	44	73	101	130	165
Interest & Finance Charges	23	-15	-30	-48	12	59	104	114
Direct Taxes Paid	-114	-28	-12	-87	-321	-984	-1,179	-1,774
(Inc)/Dec in WC	111	74	-452	537	-1,405	-3,778	-911	-3,654
<b>CF from Operations</b>	<b>643</b>	<b>127</b>	<b>-439</b>	<b>985</b>	<b>204</b>	<b>-1,082</b>	<b>2,748</b>	<b>1,781</b>
Others	1	0	1	8	10	-381	-846	-1,018
<b>CF from Operating incl EO</b>	<b>644</b>	<b>127</b>	<b>-438</b>	<b>993</b>	<b>214</b>	<b>-1,463</b>	<b>1,902</b>	<b>764</b>
(Inc)/Dec in FA	-23	-10	-36	-121	-260	-298	-500	-550
<b>Free Cash Flow</b>	<b>622</b>	<b>117</b>	<b>-474</b>	<b>872</b>	<b>-46</b>	<b>-1,761</b>	<b>1,402</b>	<b>214</b>
(Pur)/Sale of Investments	-26	-82	-3	-25	-42	-1,922	0	0
Others	-62	-84	-393	119	-518	-6,404	846	1,018
<b>CF from Investments</b>	<b>-110</b>	<b>-176</b>	<b>-432</b>	<b>-27</b>	<b>-820</b>	<b>-8,624</b>	<b>346</b>	<b>468</b>
Issue of Shares	0	0	0	0	0	9,802	0	0
Inc/(Dec) in Debt	-154	-1	865	-64	-58	507	0	0
Interest Paid	-32	-5	-9	-16	-12	-44	-104	-114
Dividend Paid	-23	-32	-8	-8	-17	-90	0	0
Others	-5	134	25	-97	26	-7	0	0
<b>CF from Fin. Activity</b>	<b>-214</b>	<b>97</b>	<b>873</b>	<b>-184</b>	<b>-62</b>	<b>10,169</b>	<b>-104</b>	<b>-114</b>
<b>Inc/Dec of Cash</b>	<b>321</b>	<b>47</b>	<b>3</b>	<b>782</b>	<b>-668</b>	<b>82</b>	<b>2,145</b>	<b>1,117</b>
Opening Balance	-225	96	144	147	929	261	8,392	10,537
Other Bank Balances	89	189	614	543	1,161	8,050	0	0
<b>Closing Balance</b>	<b>185</b>	<b>333</b>	<b>761</b>	<b>1,472</b>	<b>1,422</b>	<b>8,392</b>	<b>10,537</b>	<b>11,654</b>

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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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