

Cipla Limited

Industry Pharmaceuticals
Bloomberg CIPLA IN
BSE CODE 500087

Weak margins on account of liquidation of inventories and higher operating expenses.

RATING	NEUTRAL
CMP	535
Price Target	499
Potential Upside	-7%

Rating Change	
Estimate Change	
Target Change	

Stock Info

52wk Range H/L	678/484
Mkt Capital (Rs Cr)	43532
Free float (%)	63%
Avg. Vol 1M (,000)	2105
No. of Shares (Cr)	81
Promoters Pledged %	0%

Research Analyst

Vineeta Sharma

vineeta.sharma@narnolia.com

J Madhavi

j.madhavi@narnolia.com

+91-22-62701222

3QFY19 Result update

- ❑ Overall revenue grew by 2% YoY to Rs.4008 crores. The growth in the US market was offset by the decline in the SAGA business, Emerging market and India business.
- ❑ US B2B sales for the quarter were USD 12 million. DTM business sequentially grew by 52% this quarter to USD 106 million on the back of new launches.
- ❑ Gross margin shrank by 130 bps YoY to 63.5% due to certain pricing related discounts offered both on South Africa tender and CGA business.
- ❑ EBITDA margin declined by 326 bps YoY to 17.7% on account of contraction in gross margin and increased staff cost and other expenses.
- ❑ PAT declined by 20% YoY to Rs.322 crores this quarter as the net sales remained muted and grew by only 2% also the increased staff cost and other expenses contributed towards such decline.

View and Valuation

Overall revenue remain almost flat, grew by only 2% YoY to Rs.4008 crores. US business grew by 17% YoY to USD 118 million majorly due to uptick in the DTM business, B2B was only USD 12 million this quarter. India sales were flat at Rs.1585 crores mainly due to higher base on account of one-time restocking of inventories post GST in the previous quarter. The sales for the South Africa tender business and CGA remain soft as there was some one –time low margin sales which impacted the gross margin as well. Going forward, we expect traction from US DTM business, though B2B contribution towards total US sales would be lower. As chronic segment is increasingly becoming the growth driver for the company, we assume healthy growth in the India business going forward. South Africa will face a little compression going ahead on account of weak tender business but the growth in the private market would help offset that impact. Therefore, we maintain our NEUTRAL stance with a target price of Rs.499.

Key Risks to our rating and target

- ❑ USFDA inspection at Goa facility.
- ❑ R&D expenditure
- ❑ Limited competition launch each quarter.

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	13790	14630	15219	15965	16802
EBITDA	2480	2476	2826	2821	3010
EBIT	1725	1153	1504	1713	1975
PAT	1383	1035	1417	1436	1607
EPS (Rs)	17	15	18	18	20
EPS growth (%)	17%	-16%	21%	1%	12%
ROE (%)	12%	8%	10%	9%	10%
ROCE (%)	15%	7%	8%	9%	9%
BV	143	156	177	192	210
P/B (X)	3.6	3.8	3.1	2.8	2.5
P/E (x)	29.7	40.8	31.0	30.0	26.8

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

3QFY19 Results
Muted performance

<i>Financials</i>	<i>3QFY18</i>	<i>4QFY18</i>	<i>1QFY19</i>	<i>2QFY19</i>	<i>3QFY19</i>	<i>YoY %</i>	<i>QoQ%</i>	<i>FY17</i>	<i>FY18</i>	<i>YoY %</i>
<i>Net Sales</i>	3,914	3,698	3,939	4,012	4,008	2.4%	-0.1%	14,630	15,219	4.0%
<i>Other Income</i>	53	40	170	133	79	48.4%	-40.8%	229	358	56.4%
<i>COGS</i>	1,378	1,330	1,424	1,412	1,463	6.1%	3.6%	5,317	5,438	2.3%
<i>Gross Margin</i>	64.8%	64.0%	63.9%	64.8%	63.5%	-2.0%	-2.0%	63.7%	64.3%	1.0%
<i>Employee Cost</i>	657	699	714	712	718	9.2%	0.8%	2,634	2,690	2.1%
<i>Other Expen.</i>	1,059	1,112	1,075	1,185	1,119	5.7%	-5.6%	4,204	4,264	1.4%
<i>EBITDA</i>	819	557	726	702	708	-13.6%	0.8%	2,476	2,826	14.2%
<i>EBITDA Mar.</i>	20.9%	15.1%	18.4%	17.5%	17.7%	-15.6%	0.9%	16.9%	18.6%	9.7%
<i>Depreciation</i>	522	285	241	282	293	-43.9%	4.0%	1,323	1,323	0.0%
<i>EBIT</i>	296	272	485	420	415	40%	-1.4%	1,153	1,504	30.4%
<i>Interest</i>	9	35	35	44	44	383%	-0.4%	159	114	-28.3%
<i>PBT</i>	340	277	620	509	449	32.0%	-11.7%	1,222	1,747	43%
<i>Exceptional</i>	-	78	-	-	-					
<i>Tax</i>	(64)	46	174	142	126	-295.7%	-11.7%	180	250	39%
<i>PAT</i>	403	179	451	366	322	-20.1%	-12.0%	1,035	1,417	37%
<i>PAT Margin</i>	10.3%	4.8%	11.5%	9.1%	8.0%	-22.0%	-11.9%	7.1%	9.3%	32%

Muted Revenue performance

US revenue grew by 17% YoY to USD 118 million on account of growth in the DTM business. The growth in the DTM business was driven by the launch of limited competition products like Diclofenac gel (market share 35%), Albendazole and Atazanavir. B2B sales this quarter was only 10% of the total US sales, it declined by 69% on a QoQ basis to USD 12 million. South Africa sales contracted by 20% YoY to USD 107 million due to one –time low margin sales both in tender and CGA business.

India sales were impacted on account of higher base based on one-time restocking of inventories in the previous quarter. Europe sales improved as respiratory franchise continues to expand across key European markets, but issues in the Middle East impacted the Emerging market.

Margins impacted due to liquidation of inventories and increased operating expenses

Gross margin contracted by 130 bps YoY to 63.5% due to onetime low margin sales in tender and CGA business in South Africa which ensured liquidation of inventories.

EBITDA margin declined by 326 bps YoY to 17.7% on account of lower gross margin and increased operating expenses. Staff cost and other expenses increased by 9% and 6% to Rs.718 crores and Rs.1119 crores respectively.

Concall Highlights

- The management has guided for double digit growth for India business in Q4FY19.
- For the US business, the management has guided for the run rate of USD 120-125 million for Q4FY19.
- Volteran (Diclofenac gel) has gained a market share of 35% in US.
- The management is targeting to file 2 Respiratory products in the US and launch one. And have guided to launch one product every year starting from the next year.
- India- Cipla continued its outperformance growing by 12% vs market growth of 10%; market share increased to 5.41%.
- India- Market shares improved across all key therapeutic areas such as Respiratory Inhalation, Urology and CNS
- As per IQVIA (IMS) MAT Dec'18, South Africa business grew at more than four times the market at 9.1% in the private market
- USFDA inspection at Kurkumbh and Invagen ended with minor and procedural observations; Invagen EIR received already.
- The Company has received observations from the recent PAI inspection at Goa; responses will be submitted within stipulated time by the management.
- There was a 100 crores impact on topline due to the supply constraints across market.
- The management has guided for the effective tax rate of 28% for the full year.

Exhibit: Sales and Sales Growth

Sales for the quarter grew by 2% YoY to Rs.4008 crores (vs our expectation of Rs.4042 crores)

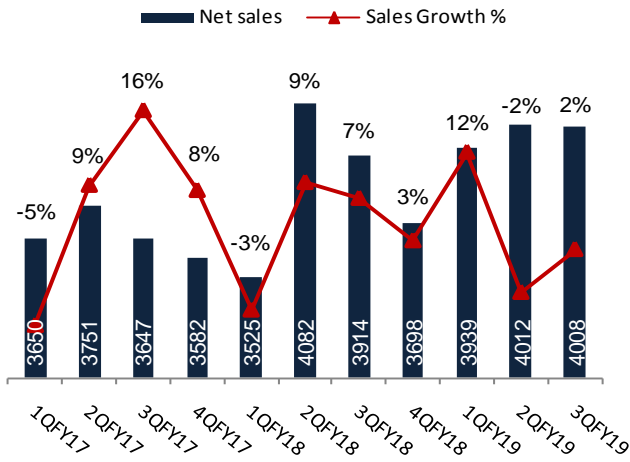


Exhibit: Gross and EBITDA margin

Gross margin contracted by 130 bps YoY to 63.5% majorly on account of liquidation of inventories.

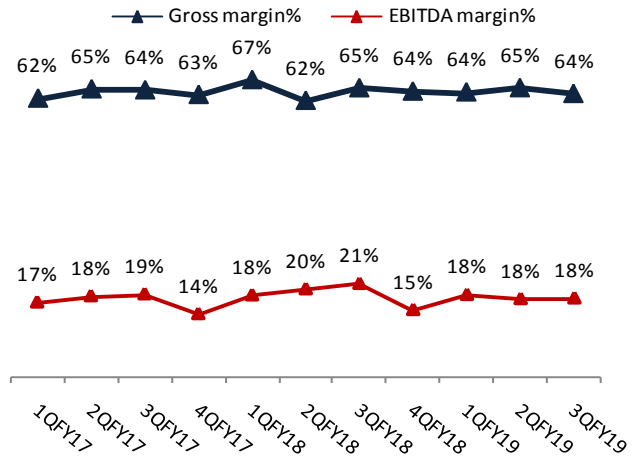


Exhibit: PAT and PAT margin

PAT for the quarter has declined by 20% to Rs.322 crores

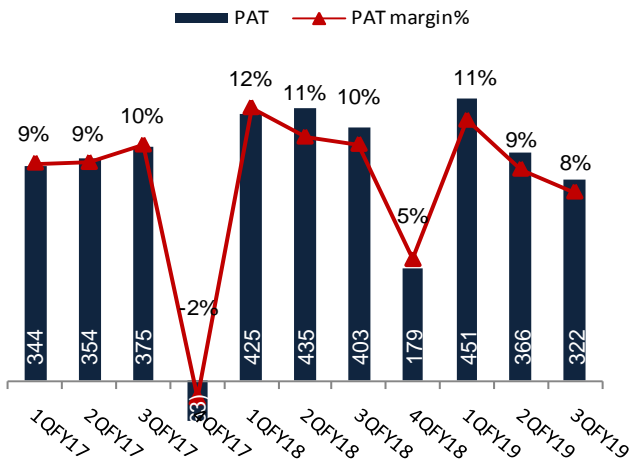


Exhibit: R&D cost and R&D as a % of sales

R&D expenditure for the quarter were Rs.299 crores, 7.5% of sales

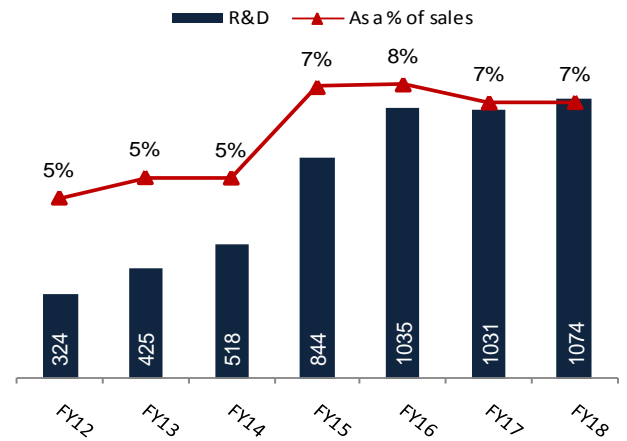


Exhibit: COGS and Other expenses

COGS and other expenses both have increased by 6% YoY to Rs.1463 crores and Rs.1119 crores respectively.

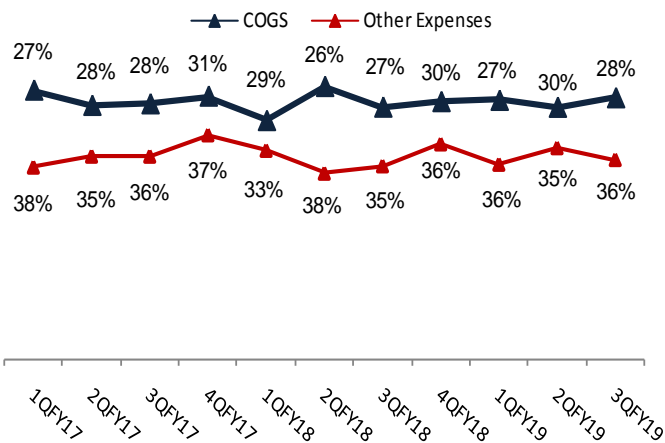
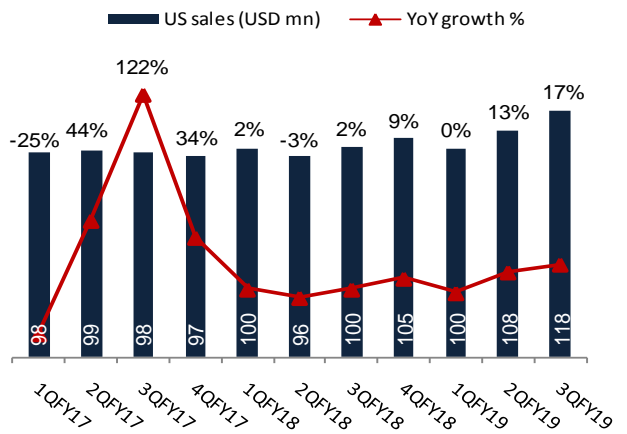


Exhibit: US sales and YoY growth

US sales improved by 17% YoY to USD118 crores on back of improvement in DTM busines.



Operational Details

Geography	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<i>India</i>	1398	1194	1270	1646	1601	1353	1544	1644	1585
<i>North America</i>	662	646	646	618	650	675	670	758	849
<i>SAGA</i>	820	819	729	921	870	819	831	754	775
<i>Emerging Mkts</i>	420	407	463	454	371	394	469	472	393
<i>Europe</i>	131	203	165	151	171	136	134	141	189
<i>Global API</i>	120	163	130	213	148	135	200	171	154
<i>Others</i>	97	150	122	80	103	186	91	72	64

Revenue gr. %	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<i>India</i>	18%	-4%	-13%	12%	15%	13%	22%	0%	-1%
<i>North America</i>	127%	33%	-2%	-7%	-2%	4%	4%	23%	31%
<i>SAGA</i>	96%	162%	81%	5%	6%	0%	14%	-18%	-11%
<i>Emerging Mkts</i>	-53%	-55%	-39%	10%	-12%	-3%	1%	4%	6%
<i>Europe</i>	-10%	22%	40%	14%	31%	-33%	-19%	-7%	11%
<i>Global API</i>	-8%	-9%	-1%	85%	23%	-17%	54%	-20%	4%
<i>Others</i>	5%	436%	-1%	-1%	6%	24%	-25%	-10%	-38%

Revenue mix%	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19
<i>India</i>	38%	33%	36%	40%	41%	37%	39%	41%	40%
<i>North America</i>	18%	18%	18%	15%	17%	18%	17%	19%	21%
<i>SAGA</i>	22%	23%	21%	23%	22%	22%	21%	19%	19%
<i>Emerging Mkts</i>	12%	11%	13%	11%	9%	11%	12%	12%	10%
<i>Europe</i>	4%	6%	5%	4%	4%	4%	3%	4%	5%
<i>Global API</i>	3%	5%	4%	5%	4%	4%	5%	4%	4%
<i>Others</i>	3%	4%	3%	2%	3%	5%	2%	2%	2%

Financial Details
Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Share Capital	161	161	161	161	161	161	161	161
Reserves	8,858	9,890	10,629	11,356	12,383	14,068	15,314	16,732
Networth	9,019	10,050	10,789	11,516	12,544	14,229	15,475	16,893
Debt	967	1,278	1,894	5,542	4,551	4,450	4,890	4,890
Other Non Current Liab	362	422	545	1,264	1,036	785	806	813
Total Capital Employed	9,986	11,328	12,684	17,058	17,094	18,680	20,366	21,784
Net Fixed Assets (incl CWIP)	3,988	6,938	7,411	11,430	11,175	10,932	11,327	11,592
Non Current Investments	416	397	250	175	136	157	171	171
Other Non Current Assets	471	416	466	681	922	958	814	847
Non Current Assets	4,875	7,752	8,126	12,287	12,232	12,046	12,312	12,609
Inventory	2,387	2,895	3,781	3,808	3,485	4,045	4,112	4,328
Debtors	1,669	1,639	1,998	2,356	2,563	3,102	4,068	4,281
Cash & Bank	143	175	564	871	624	966	1,431	2,232
Other Current Assets	2,585	942	1,249	1,806	2,063	2,701	2,706	2,785
Current Assets	6,784	5,651	7,591	8,841	8,736	10,814	12,317	13,626
Creditors	828	980	1,452	1,476	1,571	2,119	2,281	2,401
Provisions	232	265	382	311	402	627	496	522
Other Current Liabilities	251	409	655	1,020	933	650	679	715
Curr Liabilities	1,311	1,653	2,489	2,806	2,906	3,396	3,456	3,638
Net Current Assets	5,473	3,998	5,103	6,035	5,829	7,418	8,861	9,988
Total Assets	11,659	13,403	15,718	21,128	21,037	22,861	24,629	26,234

Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Revenue from Operation	8,279	10,100	11,345	13,790	14,630	15,219	15,965	16,802
Change (%)	18%	22%	12%	22%	6%	4%	5%	5%
EBITDA	2,198	2,133	2,162	2,480	2,476	2,826	2,821	3,010
Change (%)	32%	-3%	1%	15%	0%	14%	0%	7%
Margin (%)	26.5%	21.1%	19.1%	18.0%	16.9%	18.6%	17.7%	17.9%
Depr & Amor.	330	373	505	754	1323	1323	1108	1035
EBIT	1867	1760	1657	1725	1153	1504	1713	1975
Int. & other fin. Cost	34	146	168	207	159	114	161	154
Other Income	222	265	166	208	229	358	442	412
EBT	2,056	1,880	1,654	1,727	1,222	1,747	1,994	2,232
Exp Item	40	-	-	-	-	78	-	-
Tax	544	463	400	332	180	250	558	625
Minority Int & P/L share of Ass.	(6)	4	23	(12)	(7)	(3)	-	-
Reported PAT	1,551	1,417	1,254	1,395	1,042	1,419	1,436	1,607
Adjusted PAT	1,545	1,388	1,181	1,383	1,035	1,417	1,436	1,607
Change (%)	35%	-10%	-15%	17%	-25%	37%	1%	12%
Margin(%)	16.3%	18.7%	13.7%	10.4%	10.0%	7.1%	9.3%	9.0%

Financial Details
Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
ROE	17%	14%	11%	12%	8%	10%	9%	10%
ROCE	21%	17%	15%	15%	7%	8%	9%	9%
Asset Turnover	1	1	1	1	1	1	1	1
Debtor Days	74	59	64	62	64	74	93	93
Inv Days	105	105	122	101	87	97	94	94
Payable Days	37	35	47	39	39	51	52	52
Int Coverage	35	55	12	10	8	7	13	11
P/E	19.7	22.1	48.4	29.7	40.8	31.0	30.0	26.8
Price / Book Value	3.4	3.1	5.3	3.6	3.8	3.1	2.8	2.5
EV/EBITDA	14	14	26	16	20	17	16	15
FCF per Share	8	12	7	8	16	8	6	14
Div Yield	1%	1%	0%	0%	0%	0%	0%	0%

Cash Flow Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
PBT	2,095	1,880	1,654	1,727	1,222	1,669	1,994	2,232
(inc)/Dec in Working Capital	(520)	(562)	(719)	(429)	235	(783)	(811)	(353)
Non Cash Op Exp	330	373	505	754	1,323	1,323	1,108	1,035
Int Paid (+)	34	146	168	180	159	114	161	154
Tax Paid	(462)	(308)	(392)	(508)	(450)	(722)	(558)	(625)
others	(81)	34	(43)	17	(108)	(138)	-	-
CF from Op. Activities	1,398	1,562	1,173	1,741	2,382	1,463	1,893	2,444
(inc)/Dec in FA & CWIP	(752)	(567)	(626)	(1,053)	(1,098)	(739)	(1,381)	(1,300)
Free Cashflow	646	996	548	688	1,284	723	512	1,144
(Pur)/Sale of Inv	(1,400)	1,803	61	(3)	(43)	(37)	(14)	-
others	89	(2,486)	(376)	(3,467)	(169)	(78)	(123)	-
CF from Inv. Activities	(2,063)	(1,250)	(941)	(4,523)	(1,310)	(854)	(1,517)	(1,300)
inc/(dec) in NW	-	-	0	3	12	0	-	-
inc/(dec) in Debt	938	43	508	3,442	(1,080)	(34)	440	-
Int. Paid	(33)	(121)	(167)	(161)	(159)	(118)	(161)	(154)
Div Paid (inc tax)	(187)	(188)	(188)	(181)	(194)	(189)	(189)	(189)
others	-	-	12	1	96	(44)	-	-
CF from Fin. Activities	718	(266)	165	3,104	(1,326)	(385)	90	(344)
Inc(Dec) in Cash	53	47	397	322	(254)	223	466	801
Add: Opening Balance	90	128	167	536	864	630	966	1,431
Closing Balance	143	175	564	858	610	853	1,431	2,232

Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

Disclosures: Narnolia Financial Advisors Ltd. (NFAL) (Formerly Microsec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFAL is engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at www.narnolia.com

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, its associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.

Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AIC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited (Formerly Microsec Commerze Ltd.)-MCX/NCDEX Commodities Broker: INZ000051636 || NarnoliaVeloX Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

Disclaimer:

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL) and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.