

Industry	Mining
Bloomberg	COALIN
BSE CODE	533278

Reduced volumes due to prolonged monsoon and certain change in government policy impact performance..

2QFY20 Result Update

- ❑ COALINDIA reported revenue of Rs. 18917 Cr. (vs our estimate of Rs. 20624 Cr.) de-grew by 7% YoY on account of lower volumes due to prolonged monsoon, worker's stike at mines because of change in policy by government to allow 100% foreign direct investment (FDI) in the coal sector and allowing commercial mining of coal.
- ❑ The change in government decision to allow 100% FDI may fall the demand of coal once the other players will come and make it more competitive. Pricing monopoly won't be there further once other players will enter.
- ❑ Overall volumes reduced by 11% YoY to 122.3 MT with the reduced volumes of FSA and E-Auction to 104 MT (down 11% YoY) and 15 MT (down 12% YoY) respectively.
- ❑ Realization during the quarter stood at Rs. 1553/ton (up by 5% YoY) largely driven by FSA realization grew by 10% YoY to Rs. 1439/Ton along with realization of washed coal and other by product.
- ❑ E-auction the realization de-grew by 22% YoY to Rs. 2020/Ton because inventory levels at power companies are very low in 2QFY19.
- ❑ Inventory levels are maintained at around 13 days in power companies which help to sustain E-Auction realization at a level.
- ❑ EBITDA margins during the quarter contracted by 200 bps YoY to 17.7% on account of higher employee cost and inventory levels.
- ❑ PAT during the quarter stood at Rs. 3524 with a PAT growth of 14.2% YoY on the back of new tax regime of reduced rates.

View and Valuation

Volumes decline in during the quarter due to seasonality impact of monsoon, certain change in government policy of 100% FDA in coal sector leads to workers strike. Monopoly of pricing doesn't remain uncertain with this change and competitive intensity will build up. Pricing for E-auction coal remain stable with the inventory level maintained in power companies. Higher fixed cost led by lower volumes during the quarter reduced margins. Reduced tax rates as per the government norms provided cushion to the bottom level. We maintain HOLD at a target price of Rs. 212 (4.4x FY21E EV/EBITDA).

Key Risks to our rating and target

- ❑ Further decline in international coal prices.
- ❑ Impact on volume growth due to change in norms.

RATING	HOLD
CMP	207
Price Target	212
Potential Upside	2%

Rating Change	↔
Estimate Change	↓
Target Change	↔

Stock Info

52wk Range H/L	271/178
Mkt Capital (Rs Cr)	125545
Free float (%)	21%
Avg. Vol 1M (,000)	7406
No. of Shares (Cr.)	616
Promoters Pledged %	0%

Research Analyst

Ayushi Rath

ayushi.rathi@narnolia.com

+91-22-62701223

Fig in Rs.cr

KEY FINANCIAL/VALUATIONS	FY17	FY18	FY19	FY20E	FY21E
Net Sales	78,221	85,926	99,547	97,554	100,979
EBITDA	12,240	9,629	24,977	23,476	23,627
Adj.PAT	9,266	11,152	17,462	18,244	17,766
EPS (Rs)	15	11	28	30	29
EPS growth (%)	-34	-24	148	4	-3
ROE (%)	37	35	65	57	48
ROCE (%)	37	31	76	60	51
BV	40.07	32.56	43.59	52.13	59.90
P/B (X)	7.31	8.71	5.43	4.03	3.50
P/E (x)	19.62	24.85	8.36	7.09	7.28

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.

**2QFY20 Results
Consolidated**
Lower volumes hampered performance..

Financials	Fig in Rs.cr									
	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY %	QoQ%	FY18	FY19	YoY %
Net Sales	21,884	25,046	28,546	24,939	20,383	-6.9%	-18.3%	85,926	99,547	15.9%
Other Income	1,608	1,163	1,820	1,150	1,630	1.4%	41.7%	4,658	5,874	26%
COGS	2,994	1,936	521	2,195	2,683	-10.4%	22.2%	8,509	8,188	-3.8%
Staff Cost	8,953	9,518	10,701	9,896	9,073	1.3%	-8.3%	42,634	38,770	-9.1%
Power and Fuel	638	606	605	590	630	-1.3%	6.9%	2,516	2,443	-2.9%
Contract. Exp	2,736	3,628	3,839	3,325	2,397	-12.4%	-27.9%	12,767	13,378	4.8%
Other Exp	1,057	1,057	1,517	1,096	987	-6.6%	-10.0%	4,215	4,741	12.5%
Stripping Act	802	1,178	2,208	899	638	-20%	-29.0%	3,358	5,071	51.0%
Total Exp	17,567	18,258	20,334	18,327	16,771	-4.5%	-8.5%	76,297	74,570	-2.3%
EBITDA	4,317	6,788	8,212	6,612	3,611	-16.4%	-45.4%	9,629	24,977	159.4%
Depreciation	807	861	1,037	734	793	-1.7%	8.0%	3,066	3,450	12.5%
EBIT	3,510	5,927	7,175	5,878	2,818	-	-52.1%	6,562	21,527	228.0%
PBT	5,118	7,028	8,893	7,012	4,279	-16.4%	-39.0%	10,789	27,125	151.4%
Tax	2,032	2,462	2,866	2,381	754	-	-68.3%	3,707	9,662	160.7%
PAT	3,085	4,567	6,024	4,630	3,523	14.2%	-23.9%	7,083	17,462	146.6%
Adj.PAT	3,085	4,567	6,024	4,630	3,523	14.2%	-23.9%	11,152	17,462	56.6%

Operating Matrix

FSA	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY %
Quantity (mt)	104.6	121.9	126.4	130.4	116.8	135.8	142.4	130.3	103.8	-11.1%
Sales (Rs.cr)	12,802	14,400	17,736	17,116	15,284	18,125	20,794	17,855	14,937	-2.3%
Realzt. (Rs./t)	1,224	1,182	1,403	1,313	1,308	1,334	1,460	1,370	1,439	9.9%
E-Auction	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY %
Quantity (mt)	23.3	26.4	29.3	19.4	17.7	14.7	16.7	19.1	15.5	-12.4%
Sales (Rs.cr)	3,757	5,268	6,181	4,657	4,583	4,171	4,603	4,106	3,128	-31.7%
Realzt. (Rs./t)	1,614	1,998	2,112	2,399	2,592	2,847	2,754	2,155	2,020	-22.1%

Flat production and off take volume in 2QFY20

Volume in 2QFY20 de-grew by 11% YoY with the reduced volumes in FSA and E-auction. FSA volumes stood at 104 MT (down by 11% YoY) and E-auction volumes are at 15 MT (down by 12% YoY). Among subsidiaries ECL, CCL and NCL grew in July and august by around 7% YoY while in September month the production volumes decline by 16.4%, 20.8% and 4% YoY respectively. Moreover, production in SECL, MCL, NEC and BCCL volumes declined by around 18%, 24%, 63% and 24% YoY respectively (including all the 3 months). Production volumes in WCL also de-grew overall by 13% YoY. Overtake follows the same trend of growth and de-growth of production volumes during the quarter. Overall the off take fell by 11% YoY in 2QFY20.

FSA and E-Auction volume and realization

FSA volume de-grew by 11% YoY to 104 MT yet realization grew by 5% YoY to Rs. 1439/Tons. FSA revenue during the quarter stood at Rs. 14939 Cr. (down by 2% YoY) due to volume decline. E-auction revenue stood at Rs. 3128 Cr. (down by 38% YoY) with the reduced volumes by 12% YoY to 15 MT and realization by 22% YoY. Reduced realization of E-auction coal is due to lower inventory level in 2QFY19 yet during the quarter it's maintained and the prices were quite stable. The average inventory days in power companies are around 13 to 15 days.

Exhibit: Monthly Coal Production Trend

Production Volumes decline consecutively in 2QFY20...

Monthly Production (mt)

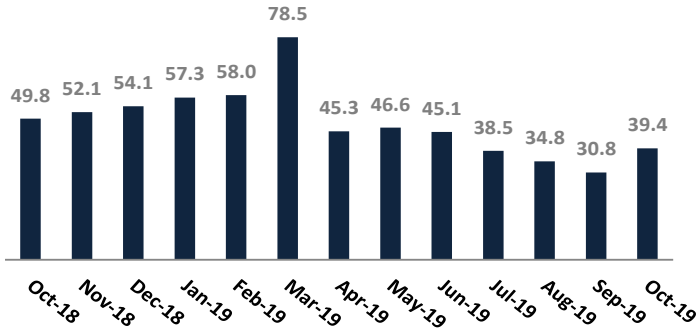


Exhibit: Monthly Coal Offtake Trend

Off-take volumes go hand in hand with production volumes...

Monthly Off take (mt)

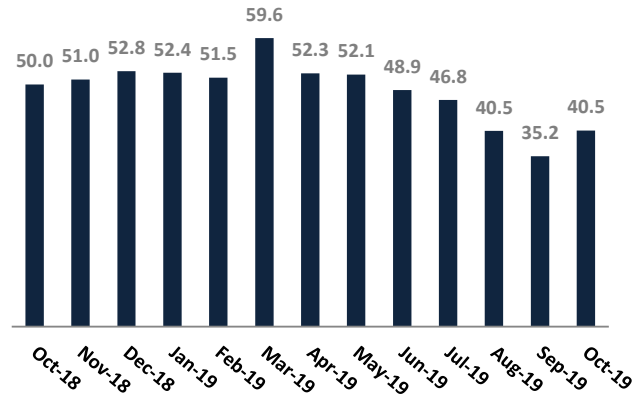


Exhibit: Dispatches to Power Sector Trend

Dispatches to power continue to remain range bound....

Monthly Dispatches to Power Sector (mt)

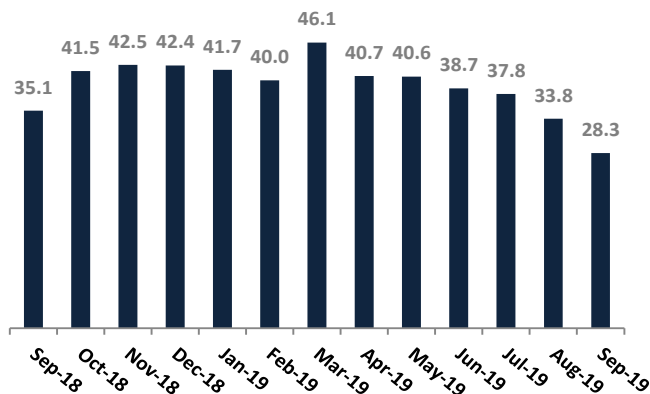


Exhibit: Coal Inventory at Power Plants

Coal inventory at power plants have reduced consistently..

Coal Inventory at Power Plants (Days)

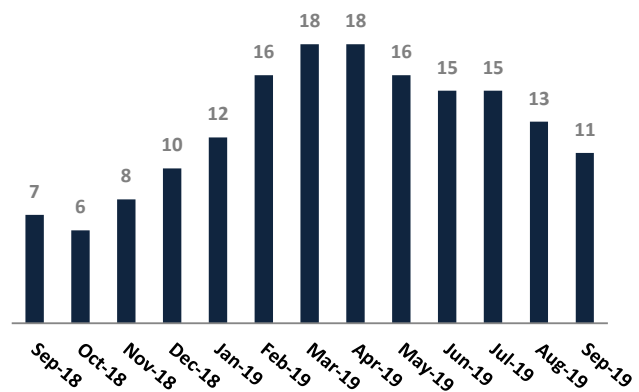


Exhibit: FSA Volume and Realisation Trend

FS volume declined while realization up 5% YoY....

FSA (MT) Realization (Rs./Ton)

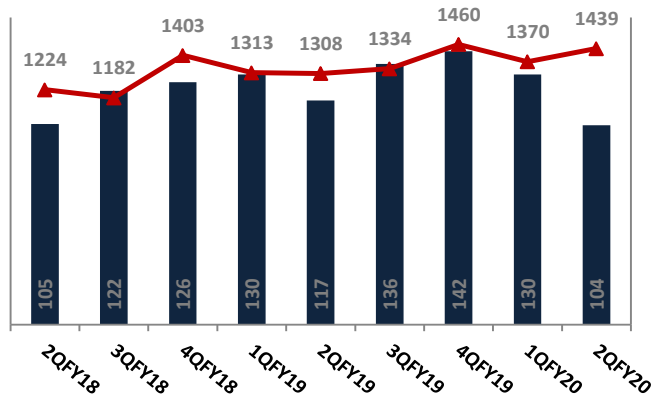


Exhibit: E-Auction Volume and Realisation Trend

realization down sharply due to falling international coal prices

E-Auction (MT) Realization (Rs./Ton)

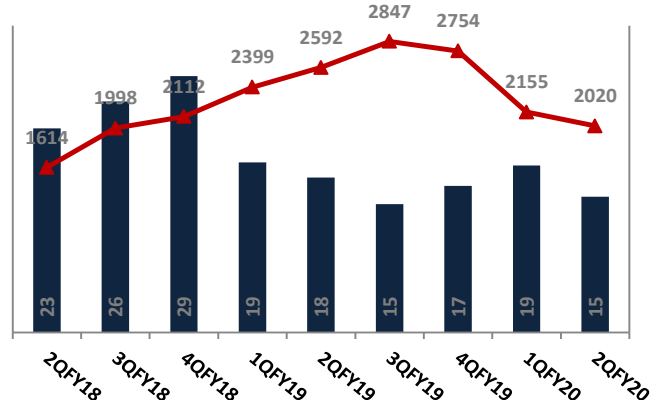


Exhibit: Quarterly Coal Production Trend

Production volume declined by 11% YoY...

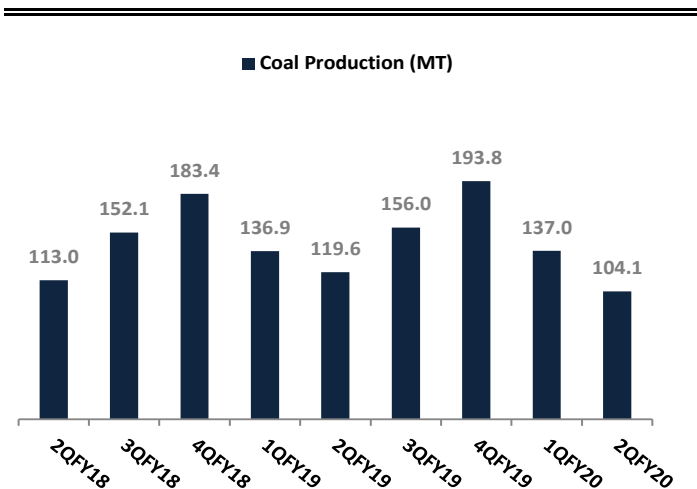


Exhibit: Quarterly Coal Offtake Trend

Off take volume also declined by 12% YoY...

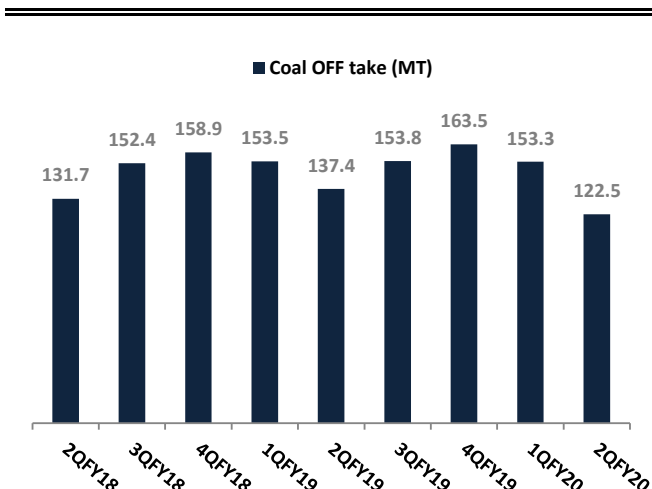


Exhibit: Net sales and Blended Realisation Trend

Realization was up 5%YoY led by 5% YoY increase in FSA realization....

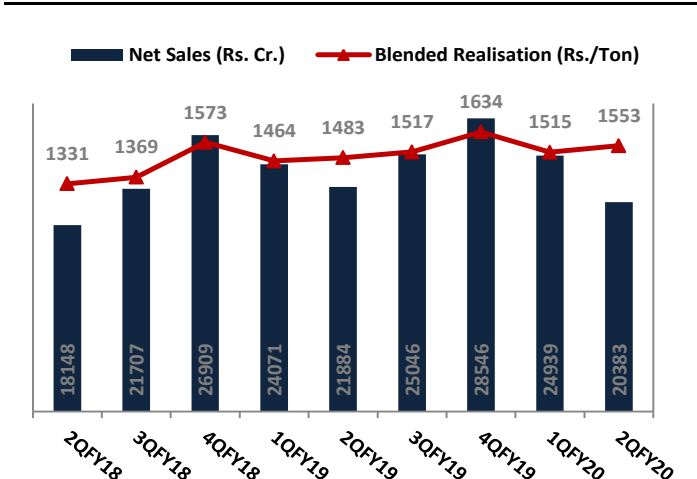


Exhibit: EBITDA and EBITDA Margin Trend

Higher cost on per ton basis due to lower volumes hampered margins

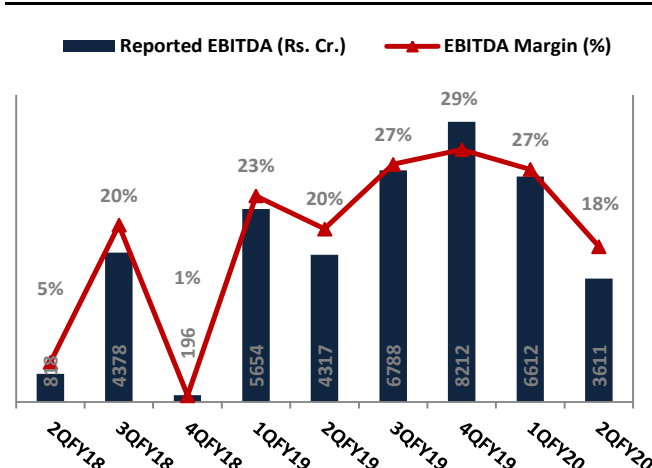


Exhibit: PAT and PAT Margin Trend

Lower taxes provided cushion to PAT

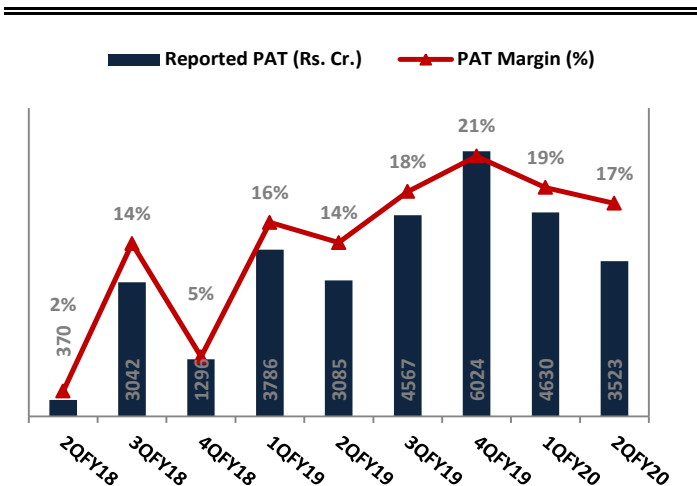
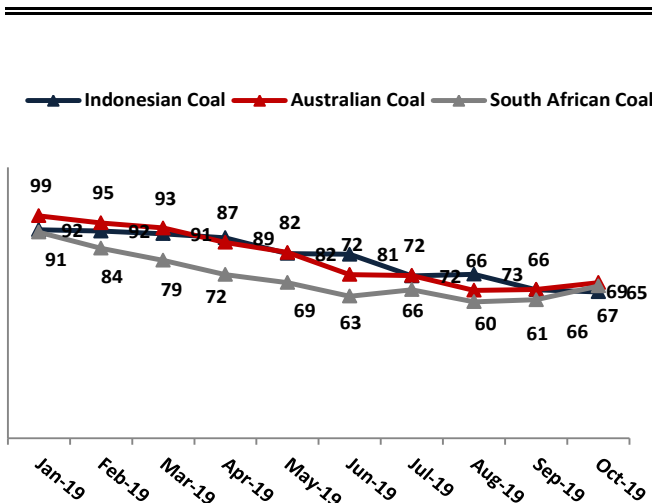


Exhibit: International Coal Price Trend

International coal prices reduced consecutively will create pressure on margins



Financial Details
Balance Sheet

Fig in Rs.cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	6,316	6,316	6,316	6,207	6,207	6,163	6,163	6,163
Reserves	36,088	34,037	28,517	18,319	13,639	20,291	25,557	30,344
Networth	42,404	40,353	34,833	24,527	19,847	26,454	31,719	36,507
Debt	171	402	1,192	3,008	1,531	2,203	1,531	1,531
Other Non Cur Liab	37,168	41,498	46,273	48,679	55,433	58,574	57,370	59,168
Total Capital Employed	42,576	40,755	36,025	27,535	21,378	28,657	33,250	38,038
Net Fixed Assets (incl CWIP)	19,100	21,274	26,636	32,398	37,864	42,273	48,524	51,344
Non Cur Investments	1,188	963	966	969	1,303	1,421	500	500
Other Non Cur Asst	3,728	4,601	4,017	4,995	8,921	7,376	7,580	6,863
Non Curr Assets	24,016	26,838	40,502	47,816	58,677	63,399	74,854	76,957
Inventory	5,568	6,184	7,569	8,945	6,444	5,584	5,345	7,470
Debtors	8,241	8,522	11,448	10,736	8,689	5,499	6,682	10,236
Cash & Bank	52,390	53,093	38,015	31,230	31,475	31,124	30,083	27,539
Other Curr Assets	14,028	15,905	15,295	17,352	22,206	27,113	25,682	26,353
Curr Assets	80,227	83,703	72,327	68,263	68,814	69,320	67,792	71,597
Creditors	805	921	3,297	3,900	4,517	6,816	6,682	4,426
Provisions (both)	39,191	44,204	49,591	53,203	64,717	59,556	60,971	63,112
Other Curr Liab	-	-	3,988	4,557	5,416	4,143	6,148	6,364
Curr Liabilities	24,435	28,223	30,425	39,519	50,319	45,082	51,619	50,941
Net Curr Assets	55,792	55,481	41,901	28,744	18,496	24,238	16,173	20,656
Total Assets	104,242	110,541	112,828	116,079	127,492	132,719	142,646	148,555

Income Statement

Fig in Rs.cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Revenue from Operation	68,810	74,120	78,008	78,221	85,926	99,547	97,554	100,979
Change (%)	1%	8%	5%	0%	10%	16%	-2%	4%
Other Income	8,969	6,571	5,941	5,516	4,658	5,874	5,728	5,392
EBITDA	15,963	17,335	18,711	12,240	9,629	24,977	23,476	23,627
Change (%)	-12%	9%	8%	-35%	-21%	159%	-6%	1%
Margin (%)	23%	23%	24%	16%	11%	25%	24%	23%
Depr & Amor.	1,996	2,320	2,826	2,910	3,066	3,450	3,710	4,179
EBIT	13,967	15,016	15,885	9,330	6,562	21,527	19,766	19,448
Int. & other fin. Cost	58	7	386	412	432	275	500	503
EBT	22,878	21,579	21,440	14,434	10,789	27,125	24,994	24,337
Exp Item	-	-	-	-	-	-	-	-
Tax	7,768	7,857	7,172	5,166	3,707	9,662	6,748	6,571
Minority Int & P/L share of Ass.	0	0	-1	-2	0	-1	-2	0
Reported PAT	15,112	13,727	14,267	9,266	7,083	17,462	18,244	17,766
Adjusted PAT	15,112	13,727	14,267	9,266	11,152	17,462	18,244	17,766
Change (%)	-13%	-9%	4%	-35%	-24%	147%	4%	-3%
Margin(%)	22%	19%	18%	12%	8%	18%	19%	18%

Financial Details

Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
ROE	35.6%	34.0%	40.8%	37.3%	35.0%	65.0%	56.8%	48.1%
ROCE	32.8%	37.0%	45.1%	37.1%	30.9%	76.0%	59.6%	51.2%
Asset Turnover	0.7	0.7	0.7	0.7	0.7	0.8	0.7	0.7
Debtor Days	44	42	54	50	37	20	25	37
Inv Days	30	30	35	42	27	20	20	27
Payable Days	4	5	15	18	19	25	25	16
Int Coverage	240.8	2051.3	41.1	22.7	15.2	78.3	39.5	38.6
P/E	14.2	15.3	14.4	19.6	24.8	8.4	7.1	7.3
Price / Book Value	5.0	5.2	5.9	7.3	8.7	5.4	4.0	3.5
EV/EBITDA	10.1	9.0	8.9	12.3	15.1	4.7	4.3	4.4
FCF per Share	16.5	15.0	11.7	11.6	20.5	16.1	19.8	17.7
Div Yield	10%	6%	8%	7%	6%	6%	9%	9%

Cash Flow Statement

Fig in Rs.cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
PBT	22,880	21,584	21,439	14,432	11,004	27,125	24,994	24,337
(inc)/Dec in Working Capital	244	649	(2,670)	6,022	13,845	(4,892)	(305)	(4,512)
Non Cash Op Exp	227	1,721	2,260	4,336	3,846	3,995	4,210	4,683
Int Paid (+)	58	7	21	31	37	275	500	503
Tax Paid	(8,826)	(9,572)	(7,875)	(8,943)	(7,433)	(9,533)	(6,748)	(6,571)
others								
CF from Op. Activities	14,525	14,382	13,154	15,847	21,262	16,695	22,151	17,937
(inc)/Dec in FA & CWIP	(4,116)	(4,901)	(5,786)	(8,676)	(8,529)	(6,787)	(9,961)	(7,000)
Free Cashflow	10,408	9,480	7,368	7,171	12,733	9,908	12,190	10,937
(Pur)/Sale of Inv	6,221	509	8,905	5,667	(1,551)	(4,067)	921	-
others								
CF from Inv. Activities	8,580	894	8,154	455	(7,676)	(8,266)	(9,040)	(7,000)
inc/(dec) in NW	-	-	-	(3,650)	-	(1,050)	-	-
inc/(dec) in Debt	(1,263)	193	990	1,817	(1,478)	(1,050)	(672)	-
Int. Paid	(58)	(7)	(21)	(31)	(37)	(10)	(500)	(503)
Div Paid (inc tax)	(24,243)	(15,596)	(20,830)	(15,103)	(12,324)	(9,947)	(12,978)	(12,978)
others								
CF from Fin. Activities	(25,350)	(15,026)	(19,587)	(17,598)	(13,587)	(10,152)	(14,150)	(13,481)
Inc(Dec) in Cash	(2,246)	250	1,721	(1,296)	(1)	(1,722)	(1,039)	(2,544)
Add: Opening Balance	11,685	9,439	3,156	4,876	4,194	3,998	31,124	30,083
Closing Balance	9,439	9,689	4,876	3,580	4,193	2,276	30,085	27,538

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) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFALis 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, it's 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 it's 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, not 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.