

Issue highlights

- ❑ **Venus Pipes & Tubes Limited (“Venus Pipes”)** was incorporated on February 17, 2005. Venus Pipes is a pipes and tubes manufacturer with the sole focus on manufacturing of welded and seamless pipes in a single metal category, i.e., stainless steel.
- ❑ The company manufactures stainless steel tubular products in 2 broad categories: (i) seamless tubes/pipes; and (ii) welded tubes/pipes.
- ❑ The company is currently manufacturing 5 product lines, namely,
 - Stainless steel high precision & heat exchanger tubes;
 - Stainless steel hydraulic & instrumentation tubes;
 - Stainless steel seamless pipes;
 - Stainless steel welded pipes;
 - Stainless steel box pipes
- ❑ Under their brand name “**Venus**”, they supply their Products for applications in diverse sectors including Chemicals, Engineering; Fertilizers; Pharmaceuticals, Power, Food Processing; Paper; and Oil and Gas.
- ❑ Venus Pipes has one manufacturing plant which has separate seamless and welded divisions with latest product-specific equipment and machineries. As of February 28, 2022, their Manufacturing Facility has a total installed capacity of 10,800 MTPA. They are proposing to expand their existing manufacturing capacity for welded pipes/tubes and seamless pipe/tubes.
- ❑ As of February 28, 2022 they have exported their products to 20 countries including Brazil, UK, Israel and countries in the European Union, etc.
- ❑ Venus Pipes is a ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, certified by Bureau Veritas and holding accreditation from UK Accreditation Service.

Brief Financial Details*

(₹ In Cr)

	As at Dec' 31,	As at Mar' 31,		
	2021(09)	2021(12)	2020(12)	2019(12)
Equity Share Capital	15.22	8.73	8.73	8.73
Reserves	105.26	31.20	7.54	3.44
Net worth as stated	120.48	39.93	16.28	12.17
Revenue from Operations	276.77	309.33	177.81	118.75
Revenue Growth (%)	-	73.97%	49.73%	-
EBITDA	35.51	34.78	11.64	8.29
EBITDA Margin (%)	12.83%	11.24%	6.54%	6.98%
Profit before Tax	31.70	30.95	6.49	4.95
Net Profit for the period	23.60	23.63	4.13	3.75
Net Profit Margin (%)	8.48%	7.57%	2.3%	3.11%
EPS (₹)	15.50 [^]	18.04	3.15	2.86
RoNW (%)	43.18% [^]	59.18%	25.36%	30.80%
Net Asset Value (₹)	79.15	30.48	12.43	9.29

Source: RHP *Restated Statement, ^ not annualised; Ratios are adjusted for bonus Issue.

Issue Details

Fresh Issue of 50,74,100 Equity shares

Issue summary

Issue size: ₹ 157 – 165 Cr

No. of shares: 5,074,100 Equity Shares

Face value: ₹ 10/-

Price band : ₹ 310 - 326

Bid Lot: 46 Shares and in multiple thereof

Post Issue Implied Market Cap =

₹ 629 – 662 Cr

BRLM: SMC Capitals

Registrar: KFin Technologies Ltd.

Issue opens on: Wednesday, 11th May'2022

Issue closes on: Friday, 13th May'2022

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	19-05-2022
Refunds/Unblocking ASBA Fund	20-05-2022
Credit of equity shares to DP A/c	23-05-2022
Trading commences	24-05-2022

Issue break-up

	No. of Shares	₹ In Cr		% of Issue
		@Lower	@Upper	
QIB	2,537,050	78.68	82.71	50%
NIB	761,115	23.59	24.81	15%
RET	1,775,935	55.05	57.90	35%
Total	5,074,100	157.30	165.42	100%

Listing: BSE & NSE

Shareholding (No. of Shares)

	Pre issue	Post issue
	15,222,010	20,296,110

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	55.64%	41.73%
Promoters Group	8.63%	6.47%
Public	35.73%	51.80%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as 'Venus Pipes & Tubes Private Limited' on February 17, 2015. Megharam Sagramji Choudhary, Jayantiram Motiram Choudhary, Dhruv Mahendrakumar Patel and Arun Axaykumar Kothari are the Promoters of the company and currently hold 8,469,759 Equity Shares representing 55.64 % of the issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Jayantiram Motiram Choudhary is the Chairman, Non-Executive Director and one of the Promoters of the company. He has been associated with the company since its incorporation. He has over 10 years of experience in the steel industry and over 4 year experience as a director of Accuracy Shipping Ltd.

Arun Axaykumar Kothari is the Promoter, Managing Director and CFO of the company. He has been associated with the company since September 14, 2021. He looks after and manages the entire accounting and financial operations of the company and is responsible for setting processes, systems and procedures in place to control and streamline the financial and commercial transactions of the Company.

Megharam Sagramji Choudhary is the Promoter and whole time Director of the company. He has been associated with the company since its incorporation. He has over 15 years of experience in the stainless steel welded pipes and tubes industry. He is responsible for sales and marketing, customer relationship management and procurement and also looks after the HR activities of the company.

Dhruv Mahendrakumar Patel is the whole time Director and the Promoter of the company. He has been associated with the company since its incorporation. He looks after production activities, streamlining of processes and procedures to facilitate smooth production process and enhanced productivity in the manufacturing process. He has over 6 years of experience in the steel industry. He manages the entire production and also looks after the export of the company.

Kailash Nath Bhandari is the non-executive, Independent Director of the company. He has been associated with the company since October 19, 2021. He has over 18 years of experience in the insurance sector.

Pranay Ashok Surana is the non-executive, Independent Director of the company. He has been associated with the company since October 19, 2021. He has over 5 years of experience in the technology sector.

Komal Lokesh Khadaria is the non-executive Independent Director of the company. She has been associated with the company since October 19, 2021. She has over 9 years of experience as a qualified company secretary.

Shyam Agrawal is the non-executive, Independent Director of the company. He has been associated with the company since October 19, 2021. He has over 15 years of experience as a practicing company secretary.

Key Managerial Personnel

Pavan Kumar Jain is the Company Secretary and compliance officer. He has also been associated with the company since August 18, 2020. He has around 3 years of experience in finance, accounting and secretarial work.

Kumar Shishir C Sinha is the president (marketing) of the company. He has been associated with the company since March 01, 2021. He has over 30 years of experience in the stainless steel pipes and tubes.

Kunal Bubna is the president (finance and accounts) of the company. He has been associated with the company since July 01, 2021. He has over 14 years of experience in accounting and secretarial work.

Bharat Kumar Prajapati is the production head of the company. He has been associated with the company since September 02, 2020. He has over 20 years of experience in pipe industry.

Om Prakash Mishra is the vice-president (operations) of the company. He has been associated with the company since December 13, 2021. He has over 23 years of experience in manufacturing industry.

OBJECTS OF THE ISSUE

The net proceeds of the Fresh Issue are proposed to be utilised as:

Objects	Amount (₹ Cr)
<ul style="list-style-type: none"> Financing the project cost towards capacity expansion, technological upgradation, cost optimization of the operations and support to the manufacturing facility and backward integration for manufacturing of hollow pipes; 	107.95
<ul style="list-style-type: none"> To meet long-term working capital requirements; 	25.00
<ul style="list-style-type: none"> General Corporate Purposes 	[•]
Total	[•]

SHAREHOLDING PATTERN

Shareholders	Pre-offer		Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital	Number of Equity Shares	% of Total Equity Share Capital
Promoter	8,469,759	55.64%	8,469,759	41.73%
Promoters Group	1,313,091	8.63%	1,313,091	6.47%
Total for Promoter and Promoter Group	9,782,850	64.27%	9,782,850	48.20%
Public	5,439,160	35.73%	10,513,260	51.80%
Total for Public Shareholder	5,439,160	35.73%	10,513,260	51.80%
Total Equity Share Capital	15,222,010	100.00%	20,296,110	100.00%

BUSINESS OVERVIEW

Venus Pipes and Tubes Limited (“**Venus Pipes**”) is one of the growing stainless steel pipes and tubes manufacturer and exporter in India having over 6 years of experience in manufacturing of stainless steel tubular products in 2 broad categories: (i) seamless tubes/pipes; and (ii) welded tubes/pipes, under which they are currently manufacturing 5 product lines, namely, (i) stainless steel high precision & heat exchanger tubes; (ii) stainless steel hydraulic & instrumentation tubes; (iii) stainless steel seamless pipes; (iv) stainless steel welded pipes; and (v) stainless steel box pipes (“**Products**”).

The company offers a wide range of products under their own “*Venus*” brand including (i) stainless steel high precision and heat exchange tubers; (ii) stainless steel hydraulic and instrumentation tubes; (iii) stainless steel seamless pipes; (iv) stainless steel welded pipes and (v) stainless steel box pipes.

Under their brand name “*Venus*”, they supply their Products for applications in diverse sectors including (i) chemicals, (ii) engineering; (iii) fertilizers; (iv) pharmaceuticals, (v) power, (vi) food processing; (vii) paper; and (viii) oil and gas.

Venus Pipes has one manufacturing plant which is strategically located at Bhuj-Bhachau highway, Dhaneti (Kutch, Gujarat) (“**Manufacturing Facility**”) that helps them in reducing their logistic costs on procurement of raw materials and imports and export of their Products. The Manufacturing Facility has separate seamless and welded divisions with latest product-specific equipment and machineries including tube mills, pilger mills, draw benches, swaging machines, pipe straightening machines, TIG/MIG welding systems, plasma welding systems, etc. As of February 28, 2022, their Manufacturing Facility has a total installed capacity of 10,800 MTPA. Further, they have a storage facility at their Manufacturing Facility for the purposes of holding inventories of raw material as well as finished products, in addition to a warehouse facility located at Ahmedabad, which ensures stability of operations.

The basic raw material includes SS coils and hollow pipes and they procure their raw materials based on market availability, pricing and quality through 3 main channels:

- Domestic suppliers such as steel manufacturers, stockists and traders;
- International suppliers from China, Indonesia, Malaysia and Singapore; and
- High sea purchases.

They started exporting their products in the year 2017 and as on February 28, 2022 they have exported to 20 countries including Brazil, UK, Israel and countries in the European Union, etc. In order to increase their share in the

international market, they have appointed sole distributors in overseas markets like Italy and Kuwait in addition to appointing marketing representatives for the European market. The revenues from exports aggregated to ₹ 26.41 crore, ₹14.80 crore, ₹ 6.01 crore and ₹ 13.40 crore for the 9 month period ended December 31, 2021 and Fiscals 2021, 2020 and 2019, respectively, and as a percentage of their revenue from operations, were 9.54%, 4.78%, 3.38% and 11.28%, respectively.

Venus Pipes is the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, certified by Bureau Veritas and holding accreditation from UK Accreditation Service. Further, their products sold to the European market are certified under PED 2014/68/EU and ADW/AD 2000 – Merkblatt – W0 from TUV which is a requirement for supply in the European Union countries. Further, they are an IBR certified manufacturer and supplier of stainless steel seamless and welded pipes/tubes.

REVENUE FROM OPERATIONS:

Category	9 Months ended December 31,		For the year ended March 31,					
	2021		2021		2020		2019	
	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total
Chemicals	31.05	11.22%	57.38	18.55%	32.02	18.01%	18.40	15.49%
Engineering	73.48	26.55%	44.82	14.49%	29.15	16.39%	24.71	20.81%
Fertilizers	1.32	0.48%	6.09	1.97%	2.60	1.46%	0.33	0.28%
Pharma	1.06	0.38%	3.37	1.09%	4.92	2.76%	2.60	2.19%
Power	0.43	0.16%	1.74	0.56%	0.23	0.13%	0.69	0.58%
Food Processing	4.14	1.50%	0.76	0.25%	1.25	0.70%	0.87	0.73%
Paper	2.09	0.75%	0.31	0.10%	0.10	0.06%	0.13	0.11%
Oil & Gas	0.21	0.08%	0.04	0.01%	0.08	0.05%	0.10	0.09%
Others	2.68	0.97%	1.04	0.34%	1.42	0.80%	2.50	2.1%
Export	26.41	9.54%	14.80	4.78%	6.0	3.38%	13.40	11.28%
Stockist / Traders	133.89	48.37%	178.99	57.86%	100.03	56.26%	55.03	46.34%
Grand Total	276.77	100.00%	309.33	100.00%	177.81	100.00%	118.75	100.00%

GEOGRAPHICAL PRESENCE

Domestic Presence

Domestic Clientele Presence: 

- ❖ Andhra Pradesh
- ❖ Assam
- ❖ Chhattisgarh
- ❖ Dadra & Nagar Haveli
- ❖ Delhi
- ❖ Goa
- ❖ Gujarat
- ❖ Haryana
- ❖ Jharkhand
- ❖ Karnataka
- ❖ Kerala
- ❖ Madhya Pradesh
- ❖ Maharashtra
- ❖ Odisha
- ❖ Punjab
- ❖ Rajasthan
- ❖ Tamil Nadu
- ❖ Telangana
- ❖ Uttarakhand
- ❖ Uttar Pradesh
- ❖ West Bengal



International presence



MANUFACTURING UNITS AND CAPACITY UTILIZATION

Details of Installed Capacity, Utilized Capacity and % of Utilized Capacity:

(Capacity in MTPA)

Capacity	9 months ended Dec'31, 2021			Fiscal								
	Annual Installed Capacity	Actual Production	Capacity Utilisation (%)	2021			2020			2019		
				Annual Installed Capacity	Actual Production	Capacity Utilisation (%)	Annual Installed Capacity	Actual Production	Capacity Utilisation (%)	Annual Installed Capacity	Actual Production	Capacity Utilisation (%)
Seamless Pipe	3,600	2,438	90.30%	3,600	3,311	91.97%	2,100	1,250	59.52%	2,100	903	43.00%
Welded Pipe	7,200	5,015	92.88%	7,200	6,590	91.53%	7,200	6,436	89.39%	4,800	3,283	68.40%

Proposed Plants

Venus Pipes is proposing to expand their existing manufacturing capacity for welded pipes/tubes and seamless pipe/tubes by manufacturing higher diameter welded pipes (up to 1219.2 mm) and seamless pipes (up to 168.3 m).

The machineries that are proposed to be procured for the purposes of increasing the production capacity of the welded as well as seamless pipes/tubes:

Plant	Category	Purpose
LSAW(A358) Plant	Welded Pipes/Tubes	To increase production capacity from 600 MT per month to 1200 MT per month of welded pipes by manufacturing higher diameter welded pipes.
Pilger Plant	Seamless Pipes/Tubes	To increase production capacity from 300 MT per month to 800 MT of higher diameter seamless pipes.

Further, they also plan to set up a piercing line for manufacturing of hollow pipes with the capacity of 800 MT per month, as their backward integration strategy. With the piercing plant, they will be able to produce hollow pipes from SS round bar.

COMPETITIVE STRENGTHS

- International Accreditations and product approvals**

Venus Pipes is one of the growing brands in stainless steel pipes/tubes having presence in both seamless pipes and welded pipes/tubes segments. They follow international standard manufacturing practices and their Manufacturing Facility benefits from the quality benchmarking certifications.

Their capabilities and accreditations have enabled them to supply their Products to 57 Fortune India 500 companies in the past across sectors, including chemicals, engineering, pharmaceuticals, oil & gas, etc., and as of February 28, 2022, they have orders for supplying their Products to 16 Fortune India 500 companies along with orders with other

market players and business entities that follow stringent quality standards. Their certifications and industrial expertise favourably position them in servicing client requirements across all segments of the stainless steel seamless and welded pipes/tubes market.

- **Specialised production of Stainless Steel Pipes and Tubes**

Venus Pipes is catering to customers (both domestic and international) in only one metal segment since their inception, and has built expertise in terms of production process, inventory management and marketing of products in the stainless steel pipes and tubes segment. This gives them the benefit of segment expertise thereby placing them in a position of advantage vis-à-vis their competitors in accurately assessing and responding to customer preferences in this segment as there are very few manufacturers in this single metal product segment.

- **Multi-fold demand of the Products**

The demand for company's Products in their ordinary course of business is generated from 3 broad categories:

- **New projects:** Venus pipes supply their Products for new projects across a diversified range of sectors, viz. oil and gas, pharmaceuticals, engineering, chemical, etc., on a regular basis throughout the year.
- **Repair and maintenance:** Venus Pipers regularly supply their Products to existing / new customers consequent to normal wear and tear of the products being used by them. The frequency of such orders is dependent on the relevant sector and typically an instruction / order is raised to supply a specific number of pieces in order to rectify the deficiency.
- **Replacement:** Most of company's Products are used in the transportation of highly corrosive fluids, requiring production in compliance with applicable quality standards. Due to their application in highly corrosive environment, these Products slowly corrode throughout their calculated design life. After the designed service life of a particular piping bundle of any project is over, it is essential to replace the entire piping with new pipes.

- **Customer Diversification**

Venus Pipes sells their products both in the domestic as well as the international markets. In the domestic market, they sell their products to the end customers as well as traders/stockists while in the international market they supply their products through traders/stockists, authorized distributors and through certain marketing representatives in the European Union market. The company started exporting their products in the year 2017 and as on February 28, 2022 they have exported to 20 countries including countries in European Union, Brazil, UK, Israel etc. They have appointed sole distributors in markets like Italy and Kuwait in addition to appointing marketing representatives for the European market.

- **Experienced and Qualified Team**

Company's promoters and senior management team is well experienced in this industry both from marketing and distribution of products in this sector. The Promoters are first generation entrepreneurs, and have an average experience of approximately 8 years in stainless steel welded/seamless pipes and tubes industry in addition to expertise in marketing, procurement, finance, accounting and customer relationship management. Their Promoters Megharam Sagramji Choudhary and Dhruv Mahendrakumar Patel, in aggregate, have more than 21 years of experience in relation to manufacturing and trading of iron, steel and SS pipe related products, in addition to having expertise in marketing. Their senior management team comprises of professionally qualified members with experience and knowledge in the pipe industry and regulatory environment.

KEY BUSINESS STRATEGIES

- **Increasing existing capacity**

Venus Pipes is currently manufacturing welded pipes/tubes with size 6 mm - 219.3 mm and seamless pipes/tubes with size of 6 mm - 114.3 mm diameters and proposing to expand their existing manufacturing capacity for welded

pipes/tubes and seamless pipes/tubes for manufacturing higher diameter welded pipes/tubes (up to 1219.2 mm) and seamless pipes/tubes (up to 168.3 mm).

Their products are largely used in industries like pharmaceuticals, food processing, etc. The GoI has announced Production Linked Incentive (“PLI”) schemes for boosting the domestic manufacturing in certain sectors, which shall have a consequent positive impact on their order book.

Moreover, since the GoI has decided to disallow international/global tenders in government procurement tenders up to the value of ₹ 2 Billion, such a move shall boost the demand for indigenously manufactured products in this sector. Further, the public sector undertakings restricting local traders of foreign pipe manufacturers for participation in their tenders shall encourage the growth of domestic players in the Indian market. Further, on May 8, 2017, the GoI released a Domestically Manufactured Iron and Steel Products Policy (“DMISP”) to prefer the domestically manufactured iron and steel products in Government procurement. To align with the Government’s “Atmanirbhar Bharat” scheme, the Ministry of Steel notified amendments/additions to the DMISP Policy in December, 2020 whereby the amended policy further broadened the scope of the policy to promote domestic manufacturing in the steel sector.

- **Backward integration and cost optimization to improve margins**

The sale of finished goods increased by ₹763.23 million, or 48.05%, to ₹2,351.68 million for Fiscal 2021 from ₹1,588.45 million for Fiscal 2020, which increase was primarily due to an increase of 188.74% in revenue from the sale of goods in the seamless pipes/tubes category. In addition, their sales of welded pipes products increased by ₹ 133.84, million or 10.66% in Fiscal 2021 as compared to Fiscal 2020. Considering the revenue generating potential of this product segment, in the future they intend to further consolidate their production of seamless pipes/tubes.

Presently, Venus Pipes procures hollow pipes, the raw material required for manufacturing of seamless pipes/tubes, from the open market whose cost varies basis the size, quality and quantity. Further, such raw materials require additional processing for bringing them in conformity with applicable standards. **They plan to set up a piercing line for manufacturing of hollow pipes with the capacity of 800 MT per month**, as their backward integration strategy. With the piercing plant, they will be able to produce hollow pipes from SS round bar, for which they have earmarked fund requirement of ₹ 10.62 crore from the Issue Proceeds.

- **Tap new geographies to increase export**

Although Venus Pipes does not have a long operating history and their revenues from exports have not been significant historically, they have established their credentials in the international market with stockist/traders and sole distributors in a short span of 4 years and they intend to leverage their existing relationships to further deepen their presence in the international market, particularly in the European Union.

Further, the announcement by the Chinese Government on April 28, 2021 with respect to cancellation of the export rebates on several steel products including welded and seamless steel pipes with effect from May 1, 2021 is expected to benefit domestic pipes and tubes manufacturers in India.

- **Continue to improve operating efficiencies through technology enhancements**

Company’s production process is completely automated with their Manufacturing Facility, housing latest product-specific equipment and machineries that support them in manufacturing of their products in accordance with their customer requirements. In line with their proposed expansion plans, they intend to further develop their technology systems in order to increase asset productivity, operating efficiencies and strengthening their competitive position. Their in-house technology capabilities shall continue to play a key role in effectively managing and expanding their operations, maintain strict operational and fiscal controls and continue to enhance customer service levels.

Acid Regeneration Plant: The company is proposing to install an acid regeneration plant (“ARP”) wherein the consumption of acid in their manufacturing process shall be reduced substantially and same shall help them in improving their operating margins.

- **Strengthen the brand value**

Venus Pipes is in the business of manufacturing of stainless steel pipes/tubes since approximately 6 years and therefore, their brand development is at a relatively nascent stage. Considering their current market presence with their customers in diversified sectors and geographies in order to further penetrate the market, they intend to make consistent efforts to strengthen their brand “Venus” and enhance the brand visibility for attaining parity with their industry peers.

COMPETITION

Venus Pipes compete against domestic companies operating in the industry. **Ratnamani Metals & Tubes Ltd, Jindal SAW, Maharashtra Seamless Ltd, Man Industries and Welspun Corp** are few of the major players in Indian steel pipe & tube segment. All these companies have a wide product portfolio, offering SAW, welded, seamless and stainless-steel pipes and tubes.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2021)

Name of the Company	Consolidated/ Standalone	Face Value	Total Income for FY2021 (₹ Cr)	EPS (Basic & Diluted)	NAV (₹)	P/E	RoNW (%)
Venus Pipes & Tubes Ltd	Restated	10	312.0	18.04	30.48	[•]	59.18%
Listed Peers							
Jindal Saw Ltd	Consolidated	2	10,872.0	10.02	218.39	9.69	4.69%
Ratnamani Metal & Tubes Ltd	Consolidated	2	2,341.5	59.07	425.35	41.51	13.9%

Source: RHP; P/E Ratio has been computed based on the closing market price of equity shares on BSE on April 19, 2022.

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