



PLAZA WIRES LIMITED

IPO NOTE

September 2023

ISSUE HIGHLIGHTS

- Plaza Wires Limited (“Plaza Wires”) was incorporated on August 23, 2006. Plaza Wires is engaged in the business of manufacturing and selling of wires and selling and marketing of LT aluminium cables and fastmoving electrical goods (“FMEG”) under the flagship brand “PLAZA CABLES” and home brands such as “Action Wires” and “PCG”.
- Plaza wires is one of the growing manufacturers in the wires and cables industry in northern region in India and provide extensive range of wires and cables. Their product mix comprises different type of wires and cables, and FMEG such as electric fans, water heaters, switches and switchgears, PVC insulated electrical tape and PVC conduit pipe & accessories.
- Company’s key products in the wires and cables segment are building wires also known as house wires, single & multicore round flexible industrial cables and industrial cables for submersible pumps & motors up to 1.1kv grade. Company’s products are compliant with various quality standards including ‘BIS’ and ‘QCL’ Certification.
- As part of after sales service for electric fans, they have tie ups with 20+ service centres in Uttar Pradesh, Uttarakhand, Jammu and Kashmir, Punjab, Haryana, and Tamil Nadu. In 2021, they expanded their product portfolio by launching miniature circuit breakers and distribution board (DB) in the north and south India region.
- Their business model includes **Dealer & distribution network** to sell and promote their products, including sales through C&F agents. Securing **government tenders** for supply to government projects and **Direct sales** to infrastructure projects.
- They have over 1,249 authorized dealers and distributors pan India and C&F agent in 1 state, viz. Punjab for the period ended on March 31, 2023.
- Company’s existing Manufacturing Unit is located at Baddi, Himachal Pradesh. Currently they have installed production capacity of 12,00,000 coils p.a. Company’s current unit is accredited with ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environment Management System) certifications.
- The company is in the process of expanding their manufacturing capacities for existing products and also intends to add manufacturing capacities for new product line. The new facility is proposed to have additional installed capacity of 8,37,000 coils p.a. and 8,700 km cables p.a.

BRIEF FINANCIAL DETAILS*

(₹ IN Cr)

| | As at Mar’ 31, | | |
|---------------------------------|----------------|--------|--------|
| | 2023 | 2022 | 2021 |
| Share Capital | 30.55 | 30.55 | 3.81 |
| Reserves | 22.53 | 14.96 | 35.66 |
| Net Worth | 53.08 | 45.51 | 39.48 |
| Revenue from Operations | 182.49 | 176.77 | 145.38 |
| Revenue Growth (%) | 3.24% | 21.59% | - |
| EBITDA | 15.70 | 13.19 | 10.86 |
| EBITDA Margin (%) | 8.60% | 7.46% | 7.47% |
| Profit/Loss before Tax | 10.33 | 8.64 | 6.10 |
| Net Profit/Loss for the year | 7.51 | 5.95 | 4.24 |
| Net Profit Margin (%) as stated | 4.11% | 3.37% | 2.91% |
| EPS - Basic & Diluted (₹) | 2.46 | 1.95 | 1.39 |
| RONW (%) as stated | 14.15% | 13.08% | 10.75% |
| Net Asset Value (₹) as stated | 17.37 | 14.90 | 12.92 |
| ROCE (%) | 15.57% | 13.90% | 11.62% |

Source: RHP, *Restated Statement

Issue Details

Fresh Issue of up to 13,200,158 Equity Shares

Issue summary

Issue size: ₹ 67 - 71 Cr

No. of shares: 13,200,158 Equity Shares

Face value: ₹ 10/-

Price band: ₹ 51 - 54

Bid Lot: 277 Shares and in multiple thereof

Post Issue Implied Market Cap =

₹ 223 – 236 Cr

BRLMs: Pantomath Capital

Registrar: KFin Technologies Ltd

Issue opens on: Friday, 29th Sept’2023

Issue closes on: Wednesday, 4th Oct’2023

Indicative Timetable

| Activity | On or about |
|------------------------------------|-------------|
| Finalisation of Basis of Allotment | 09-10-2023 |
| Refunds/Unblocking ASBA Fund | 10-10-2023 |
| Credit of equity shares to DP A/c | 11-10-2023 |
| Trading commences | 12-10-2023 |

Issue break-up

| | No. of Shares | ₹ In Cr | | % of Issue |
|--------------|-------------------|--------------|--------------|-------------|
| | | @Lower | @Upper | |
| QIB | 9,900,119 | 50.49 | 53.46 | 75% |
| NIB | 1,980,023 | 10.10 | 10.69 | 15% |
| -NIB2 | 1,320,015 | 6.73 | 7.13 | - |
| -NIB1 | 660,008 | 3.37 | 3.56 | - |
| RET | 1,320,016 | 6.73 | 7.13 | 10% |
| Total | 13,200,158 | 67.32 | 71.28 | 100% |

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

| Category | Retail Category | NII-Bid between ₹ 2 - 10 Lakhs | NII - Bid Above ₹ 10 Lakhs |
|----------------------------|-----------------------|--------------------------------|----------------------------|
| Minimum Bid Lot (Shares) | 277 Shares | 3,878 Shares | 18,559 Shares |
| Minimum Bid Lot Amount (₹) | ₹ 14,958 [^] | ₹ 2,09,412 [^] | ₹ 10,02,186 [^] |
| Appl for 1x | 4,765 Applications | 170 Applications | 340 Applications |

Listing: BSE & NSE

Shareholding (No. of Shares)

| Pre-Issue | Post Issue |
|------------|------------|
| 30,551,920 | 43,752,078 |

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

| | Pre-Issue | Post-Issue |
|-----------------|----------------|----------------|
| Promoters | 93.69% | 65.42% |
| Promoters Group | 6.31% | 4.41% |
| Public | 0.00% | 30.17% |
| Total | 100.00% | 100.00% |

BACKGROUND

Company and Directors

The Company was originally incorporated as 'Navratna Wires Private Limited' on August 23, 2006. Currently, promoters hold a total of 28,623,600 Equity Shares, equivalent to 93.68% of the issued, subscribed, and paid-up Equity Share capital of the company.

Sanjay Gupta is the Managing Director and one of the Promoter of the company. He has been on the Board since March 12, 2008. He possesses approximately 26 years of experience in electrical industry.

Sonia Gupta is a Whole-time Director and one of the Promoter of the company. She has been on the Board since March 21, 2008. She has approximately 26 years of work experience in the electrical industry.

Aditya Gupta is a Whole-time Director of the company. He has been associated with the company since March 31, 2019. He has approximately 7 years of work experience in the electrical and solar industry.

Abhishek Gupta is a Whole-time Director of the company. He has been associated with the company since June 03, 2013. He has approximately 9 years of work experience in the electrical and solar industry.

Monam Kapoor is an Independent Director of the company. She has approximately 1 year of work experience.

Chetna is an Independent Director of the company. She has approximately 4.5 years of work experience.

Swati Jain is an Independent Director of the company. She has approximately 3 years of work experience.

Ish Sadana is an Independent Director of the company. He has approximately 11 years of work experience.

Ajay Kumar Batla is the Chief Financial Officer of the company. He joined the company on April 1, 2009.

Bhavika Kapil is the Company Secretary and Compliance Officer of the Company. She was appointed with effect from March 10, 2022. She has a work experience of approximately 3.5 years.

OBJECTS OF THE ISSUE

| Objects | Amount (₹ Cr) |
|--|----------------|
| • Funding the capital expenditure towards setting up of a new manufacturing unit for house wires, fire-resistant wires & cables, aluminum cables and solar cables to expand the product portfolio; | 24.41 |
| • Funding the working capital requirements of the company, | 22.00 |
| • General Corporate Purposes | [•] |
| Total | [•] |

SHAREHOLDING PATTERN

| Shareholders | Pre-offer | | Fresh Issue Shares | Post-offer | |
|--|-------------------------|---------------------------------|--------------------|-------------------------|---------------------------------|
| | Number of Equity Shares | % of Total Equity Share Capital | | Number of Equity Shares | % of Total Equity Share Capital |
| Promoter | 28,623,600 | 93.69% | | 26,823,600 | 65.42% |
| Promoters Group | 1,928,320 | 6.31% | | 1,928,320 | 4.41% |
| Total for Promoter and Promoter Group | 30,551,920 | 100.00% | | 30,551,920 | 69.83% |
| Public | 0 | 0.00% | 13,200,158 | 13,200,158 | 30.17% |
| Total for Public Shareholders | 0 | 0.00% | 13,200,158 | 13,200,158 | 30.17% |
| Total Equity Share Capital | 30,551,920 | 100.00% | 13,200,158 | 43,752,078 | 100.00% |

BUSINESS OVERVIEW

Plaza Wires Limited ("Plaza Wires") is an ISO 9001:2015 and 14001:2015 certified company engaged in the business of manufacturing and selling of wires and selling and marketing of LT aluminium cables and fastmoving electrical goods ("FMEG") under the flagship brand "PLAZA CABLES" and home brands such as "Action Wires" and "PCG". Their business was started with a vision to create a niche in the domestic wire and cable industry with an approach to provide quantitative and qualitative products at competitive prices to customer for various socio-economic backgrounds. In 2021, they launched a line of house wire under the brand "Action Wires" for product at economical price range. Plaza wires is one of the growing manufacturers

in the wires and cables industry in northern region in India and provide extensive range of wires and cables. Their product mix comprises different type of wires and cables, and FMEG such as electric fans, water heaters, switches and switchgears, PVC insulated electrical tape and PVC conduit pipe & accessories.

Company's key products in the wires and cables segment are building wires also known as house wires, single & multicore round flexible industrial cables and industrial cables for submersible pumps & motors up to 1.1kv grade. For other wires and cable products such as LT power control cable, TV dish antenna co-axial cables, telephone & switch board industrial cable, computer & LAN networking cable, close circuit television cables and solar cables, PVC insulated tape and PVC conduit pipe & accessories, they enter into informal arrangements with third-party manufacturers who manufacture their products based on their requirements. They select and evaluate these third-party manufacturers based on certain criteria including the quality of products produced, reputation and delivery standards. Company's products are compliant with various quality standards including BIS and QCL Certification. In 2016 and onwards, they entered into arrangements with third-party manufacturers and launched FMEG products such as electric fans, and water heaters. As part of after sales service for electric fans, they have tie ups with 20+ service centres in Uttar Pradesh, Uttarakhand, Jammu and Kashmir, Punjab, Haryana, and Tamil Nadu. In 2021, they expanded their product portfolio by launching miniature circuit breakers and distribution board (DB) in the north and south India region.

The company sells their products through a variety of distribution channels depending on the geography and industry norms and trends. Their business model includes:

- Dealer & distribution network to sell and promote their products, including sales through C&F agents.
- Securing government tenders for supply to government projects and
- Direct sales to infrastructure projects

Company's supply chain model predominantly comprises of their network of authorized dealers, distributors, retailers and C & F agent who in turn supply their products to retail outlets in India. They have over 1,249 authorized dealers and distributors pan India and C & F agent in 1 states, viz. Punjab for the period ended on March 31, 2023. They supply their products across various states, mainly in states of Delhi, Uttar Pradesh, Haryana, Kerala, Rajasthan. For the Fiscal 2023, 2022 and 2021, the aggregate revenue from operations (including trade discounts to dealers and distributors) from these states were ₹ 138.23 crore, ₹ 138.83 crore and ₹ 118.06 crore, respectively. The percentage of the aggregate value to the revenue from operations for Fiscal 2023, 2022, and 2021 were 75.74%, 78.53%, and 81.21%, respectively. They had customers expanded to 31 states and states/union territories based on March 31, 2023.

Company's existing Manufacturing Unit is located at Baddi, Himachal Pradesh. Currently they have installed production capacity of 12,00,000 coils p.a. They propose to set-up the Proposed Manufacturing Unit with an additional installed capacity of 8,37,000 coils p.a. and 8700 km p.a. and manufacture new products such as fireproof/ survival wires, LT aluminium cable and solar cable in addition to the existing products such as PVC insulated housing wires and cables.

Company's current unit is accredited with ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (*Environment Management System*) certifications.

Plaza Wires is led by their promoters involved in the critical aspects of their business, including expansion, process and plant, finance, sales, and marketing. Their senior management team is also experienced in the wire and cables industry. The senior management team has spent more than 7 years each with the company.

REVENUE FROM OPERATIONS

| Particulars | For the Year Ended March 31, | | | | | |
|-------------------------|------------------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
| | 2023 | | 2022 | | 2021 | |
| | Revenue* (₹ Cr) | % to Revenue | Revenue* (₹ Cr) | % to Revenue | Revenue* (₹ Cr) | % to Revenue |
| Wires and cables | 171.60 | 94.06% | 165.90 | 92.27% | 131.28 | 87.50% |
| - Aluminum cable | 16.90 | | 12.77 | | 8.96 | |
| - Copper wire & cable | 154.71 | | 153.13 | | 122.33 | |
| FMEG Products | 2.91 | 1.57% | 3.73 | 2.07% | 5.60 | 3.73% |
| - Fans and Appliances | 2.37 | | 3.01 | | 5.57 | |
| - MCBs and isolators | 0.64 | | 0.72 | | 0.03 | |
| Other Products | 7.98 | 4.33% | 10.16 | 5.63% | 13.16 | 8.77% |
| - PVC pipe | 4.36 | | 4.46 | | 4.89 | |
| - Tape | 1.34 | | 1.15 | | 0.90 | |
| - Others | 2.18 | | 4.56 | | 7.38 | |
| Total | 182.49 | 100.00% | 179.79 | 100.00% | 150.04 | 100.00% |

Note: Includes trade discounts offered to distributors and dealers as an incentive to achieve the desired target.

PRODUCT PORTFOLIO

Currently, Plaza Wires has a product mix comprising (i) Wires and Cables, (ii) FMEG products.

| Product Mix | Product details |
|---------------|---|
| Wire & Cables | Building cables, Power Cables, Communication Cables, Flexible single/Multi core cables, other cables |
| FMEG | Electric fans, water heaters, switches and switchgears, PVC insulated electrical tapes, PVC conduits pipe and accessories |

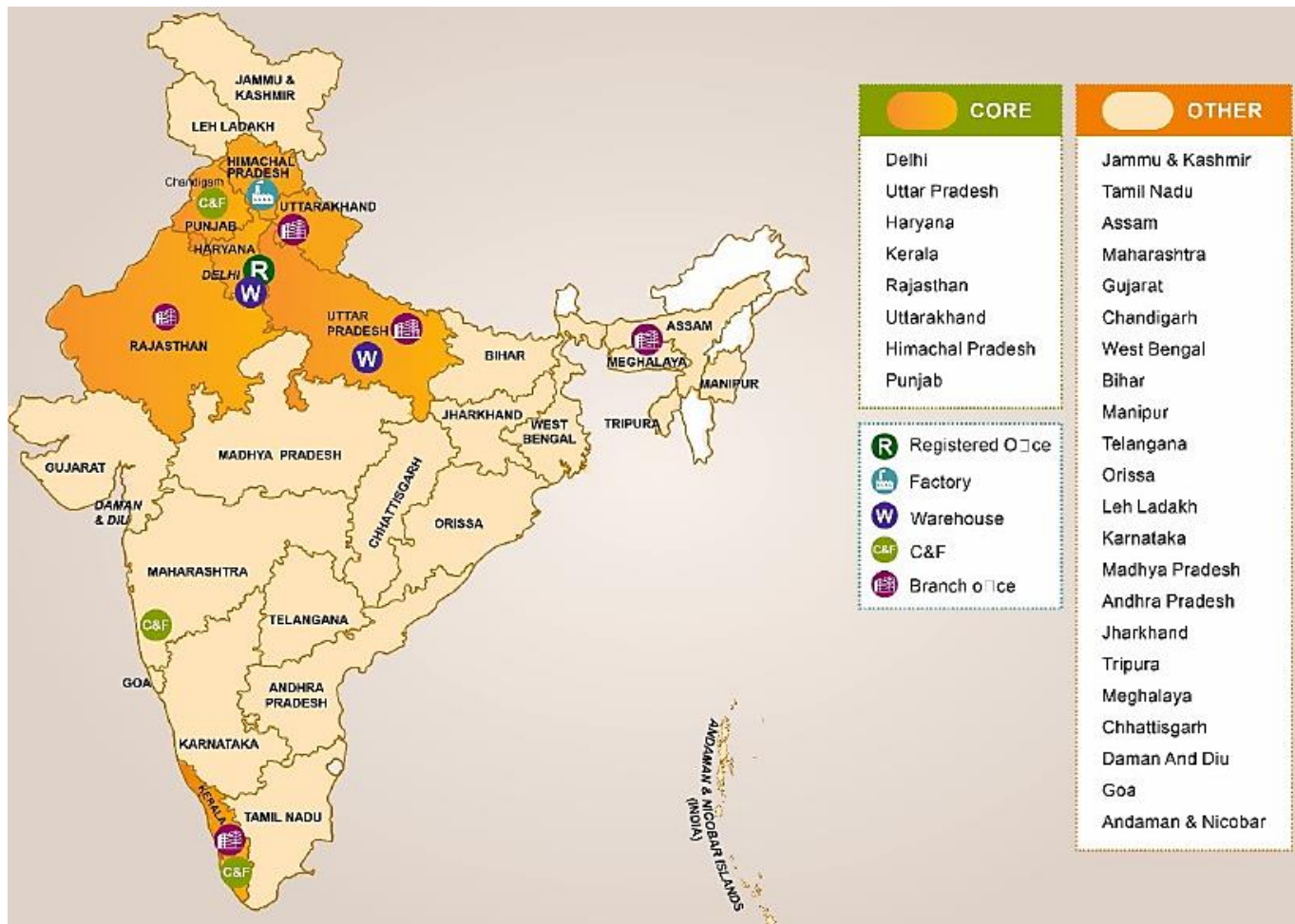
MANUFACTURING UNITS

The company has an existing manufacturing unit situated at Baddi, Himachal Pradesh located over 11,513.37 square meters of land. They further propose to set up the Proposed Manufacturing Unit at Baddi, Himachal Pradesh.

Capacity and Capacity utilization

| Description | Unit | March 31, 2023 | March 31, 2022 | March 31, 2021 |
|----------------------|---------|----------------|----------------|----------------|
| Existing Unit | | | | |
| Days in Year | Days | 365 | 365 | 365 |
| Operating Days | Days | 300 | 250 | 250 |
| Wire Unit | | | | |
| Installed Capacity | Coil PD | 4,000 | 4,000 | 4,000 |
| Annual Capacity | Coil PD | 1,200,000 | 1,000,000 | 1,000,000 |
| Utilisation Level | % | 79.14% | 91.75% | 95.95% |
| Production | Coils | 949,715 | 917,577 | 959,503 |

GEOGRAPHICAL PRESENCE



COMPETITIVE STRENGTHS

- **Product portfolio focused on various customer segments and markets**

Company's product portfolio consists of various types of wires & cables, and of late, they diversify and evolve in FMEG products. Currently, they have a product mix comprising (i) Wires and Cables, (ii) FMEG products such as electric fans, water heaters, Switch and switch gears, PVC insulated tape and PVC conduit pipe & accessories.

- **Distribution network**

Company's distribution network in India comprised over 1,249 authorized dealers and distributors, 3 branch offices in Rajasthan, Uttarakhand and Uttar Pradesh, 1 branch office cum Godown at Maharashtra, 4 warehouses in Uttar Pradesh, Assam, Kerala and Delhi and C&F agent in 1 state, viz. Punjab for financial year ended on March 31, 2023. Their sales and marketing team has 70 dedicated employees and is responsible for increasing pan-India reach of their products.

- **Management and dedicated employee base**

Company's Chairman & Managing Director and Promoter-Sanjay Gupta has been instrumental in managing their expanding operations, implementing strategic marketing and business initiatives, and focusing on financial performance. The management team has experience in key areas such as production, sales and marketing, and finance. As on March 31, 2023, they are supported by 192 committed staff of which 126 are employees and 31 are skilled and 35 unskilled labours.

KEY BUSINESS STRATEGIES

- **Setting up the Proposed Manufacturing Unit to widen the product portfolio and increase the capacity**

The company intends to, and are in the process of, expanding their manufacturing capacities for existing products and also intend to add manufacturing capacities for new product line such as fireproof / survival wires, LT aluminium cables and solar cables that they are in the process of developing and commercializing. On September 15, 2021, they purchased land and building at Baddi, Himachal Pradesh. The new facility is proposed to have additional installed capacity of 8,37,000 coils p.a. and 8,700 km cables p.a.

- **Enhance the position in Wires and Cables Industry**

The Indian wires and cables market expects to grow at a CAGR of approximately 15% to reach an estimated ₹1,03,300 crore by Fiscal 2023, due largely to government initiatives in power and infrastructure. Plaza Wires intends to enhance, maintain and strengthen their brand position in the wires and cables market by growing their share of business with existing customers, adding new customer, geographical expansion and manufacturing new and customized products. They intend to expand their market share by targeting key growth sectors such as mining, oil and gas, shipping, power, infrastructure, construction, automotive, telecommunication and agriculture.

- **Expand the dealer network in existing markets and enter new geographical markets**

As a business strategy, Plaza Wires intends to expand their dealer's network in different cities as there are untapped opportunities in these cities for them to capitalize to grow their business operations. Further they are yet to fully penetrate domestic markets in the southern India.

- **Strengthen the brand value**

The company intends to make consistent efforts to popularize their brands and enhance their brand visibility by undertaking various marketing initiatives and gradually increasing their advertising and publicity expenses in line with the growth in their business operations. They plan to make a broader effort by partaking in 'Below the line' marketing activities such as conducting electrician meets more frequently, and in-shop branding and "Above the Line" marketing activities such as putting up hoardings in strategic locations, displaying their product in exhibitions at high visibility locations of their channel partners.

- **Maintain and expand valued relationships with the dealers and distributors**

Over the period, Plaza Wires has built relationships with dealers and distributor across the segments through offering products matching to their requirements and specifications. They wish to further develop new relationships to expand their product offerings which would help them in improving their working capital management from existing levels.

- **To use technology to further optimise the sales & marketing operations**

Plaza Wires has a mobile application technology driven loyalty program for their "Electricians & Retailers". This mobile application for the electrician and retailers would enable the registered electrician and retailers to stay updated with all the products of their brand, with their digital catalogue. These technological initiatives implemented by them will continue to assist in increasing efficiency and productivity. They assess that this will allow them to further increase their sales fill rate, reduce sales loss and thereby improve customer satisfaction and grow sales.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

| Name of the Company | Face Value | Total Income (₹ in Cr) | PAT Margin (%) | EPS | | CMP | NAV | P/E | RoNW (%) |
|------------------------------|------------|------------------------|----------------|-------------|-------------|--------------|--------------|--------------|--------------|
| | | | | Basic | Diluted | | | | |
| Plaza Wires Ltd | 10 | 182.60 | 4.11 | 2.46 | 2.46 | [•] | 17.37 | [•] | 14.15 |
| Cords Cable Industries Ltd | 10 | 527.65 | 1.37 | 5.52 | 5.52 | 91.90 | 123.15 | 16.65 | 4.53 |
| Ultracab (India) Ltd | 2 | 107.67 | 7.22 | 0.61 | 0.61 | 14.74 | 3.35 | 24.18 | 24.30 |
| V-Mart India Ltd | 10 | 249.85 | 4.18 | 4.58 | 4.58 | 117.00 | 34.97 | 25.55 | 13.11 |
| Dynamic Cables Ltd | 10 | 671.75 | 4.62 | 14.09 | 14.09 | 454.00 | 80.60 | 32.22 | 17.48 |
| Paramount Communications Ltd | 2 | 812.72 | 5.88 | 2.40 | 2.40 | 57.00 | 15.20 | 23.75 | 16.19 |

Source: RHP; All the financial information for listed industry peers mentioned above is on a **consolidated basis**. Source for Plaza Wires Ltd based on the Restated Financial Statements for the year ended March 31, 2023. P/E Ratio has been computed based on the closing market price of equity shares on August 28, 2023.

Comparison of Accounting Ratios with Listed Industry Companies As on 31st March 2023

(₹ in Cr)

| Accounting Ratio / Metrics | Plaza Wires | Cords Cable Industries | Ultracab (India) | V-Marc India | Dynamic Cables | Paramount Communications |
|----------------------------|---------------|------------------------|------------------|--------------|----------------|--------------------------|
| Revenue from Operations | 182.49 | 526.26 | 107.36 | 247.29 | 668.63 | 796.47 |
| EBITDA | 15.70 | 39.54 | 12.16 | 24.79 | 62.77 | 47.95 |
| EBITDA Margin | 8.60% | 7.51% | 11.33% | 10.02% | 9.39% | 6.02% |
| Profit After Tax | 7.51 | 7.22 | 5.82 | 10.45 | 31.01 | 47.77 |
| PAT Margin | 4.11% | 1.37% | 5.40% | 4.18% | 4.62% | 5.88% |
| ROE | 14.15% | 4.53% | 18.19% | 13.11% | 17.48% | 16.19% |
| ROCE | 15.57% | 13.58% | 17.37% | 14.31% | 21.13% | 8.54% |
| Debt / Equity | 0.75 | 0.47 | 1.05 | 0.95 | 0.46 | 0.54 |

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