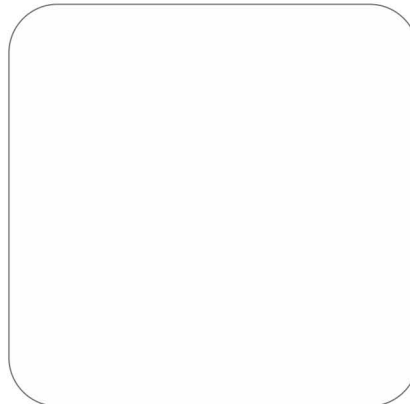


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Summary:

Russia attacked Ukraine in February in a major escalation of Russo Ukrainian conflict that started in 2014. We try to analyse the impact of this conflict on Russian, global and Indian economies as oil and metal prices surge and threats of inflation and supply chain disruptions loom. There are also conclusions from research of IEP regarding various impacts of war on Economy.

Key M&A Deal include J.B. Chemicals acquiring brands from Sanzyme and Uniphore announcing raising \$400 Million equity in Series E Funding with its valuation soaring to \$2.5 Billion.

Economic Update:

Russo Ukrainian Conflict:

On the 24th of February, 2022, Russia launched a wide-ranged military attack on Ukraine. Russia announced that it had carried on a “special military operation” in eastern Ukraine to protect the people in the predominantly Russian-speaking region of Donbas. Russian military has carried military action along with air and missile strikes far into western Ukraine, have approached or besieged a number of key settlements such as Chernihiv, Kharkiv, Kherson, Kyiv, Mariupol, and Sumy but has met stiff Ukrainian resistance. This conflict is the largest military conflict after WW2 in Europe.

Western countries have imposed severe sanctions on Russia, which include freezing half of Russia’s foreign exchange reserves and removing Russian banks from Swift, the global payment system. Russian Ruble has crashed more than 40% since start of the conflict and has recovered to be at around 25% discount against USD. Moscow stock markets are closed from Feb 25 from order of Russian central bank. There were also concerns that Russia

may default on its foreign sovereign debt for the first time and its country rating was downgraded by Fitch and Moody’s to junk.

Impact on Global & Indian Economy:

The immediate impact of Russo Ukrainian conflict on global economy is multifold. Oil prices surged immediately with Brent touching high of \$113 before coming down to \$100 as Russia is key exporter of Oil & Gas. Russia and Ukraine are large suppliers of wheat and edible oil, prices of which are going to increase further. The Industrial Metal prices, like steel prices, which were already very bullish have sharply increased with prices of nickel, zinc, palladium etc. exploding. Global supply chain which had just started to recover from Covid, will experience further disruptions. This conflict has only magnified threats of inflation and supply chain disruptions.

This war has impact on India also. Moody’s has lowered 2022 growth forecast of India by 0.4% to 9.1% against 9.5% earlier. Indian economy will be vulnerable to higher oil, gas and metal prices. The CPI inflation is also 8 month high at 6.07% in February 2022 while WPI inflation is over 13.11%. Inflation was already a major concern for RBI from last number of months.

Impact of war on Economy:

Institute of Economics and Peace (IEP) tries to measure economic cost of violence and war. Its research report on economic consequences of war on U.S. economy concluded that heightened military spending of U.S. in WW2 and subsequent wars had several adverse macroeconomic effects. These effects occurred as a direct consequence of the funding requirements of increased military spending. The U.S. has paid for its wars either through debt (World War II, Cold War, Afghanistan/Iraq), taxation (Korean War) or inflation (Vietnam). In each case,

taxpayers were burdened, and private sector consumption and investment were constrained as a result. Other negative effects included larger budget deficits, higher taxes, and growth above trend leading to inflation pressure. These effects can run concurrent with major conflict or via lagging effects into the future. Regardless of the way a war is financed, the overall macroeconomic effect on the economy tends to be negative.

Adverse effects of wars on economy are of course over and above the loss of lives and destruction of physical and human capital. Some wars could be necessary to fight as negative effects of not fighting these wars can outweigh the costs of fighting but if there are other prudent options, they must be exercised first.

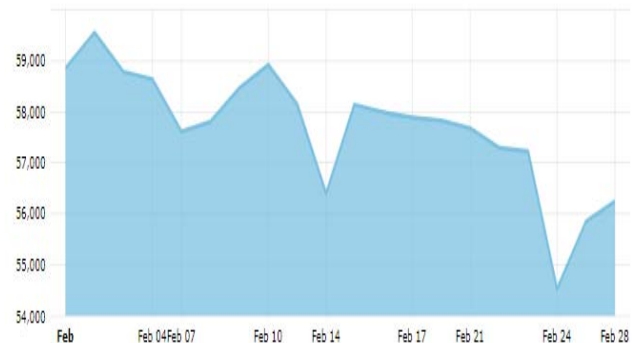
IEP says that peace brings prosperity, lower inflation and more jobs. When peace increases, the money that was spent on dealing with violence decreases and the same can be used on Investments and other activities that are productive. In 2020, the economic impact of violence was around \$14.96 trillion in purchasing power parity terms, equivalent to 11.6 per cent of global GDP or \$1,942 per person. In authoritarian regimes the cost of violence was much higher while it was just 4% of GDP in full democracies.

Trends in Secondary Markets:

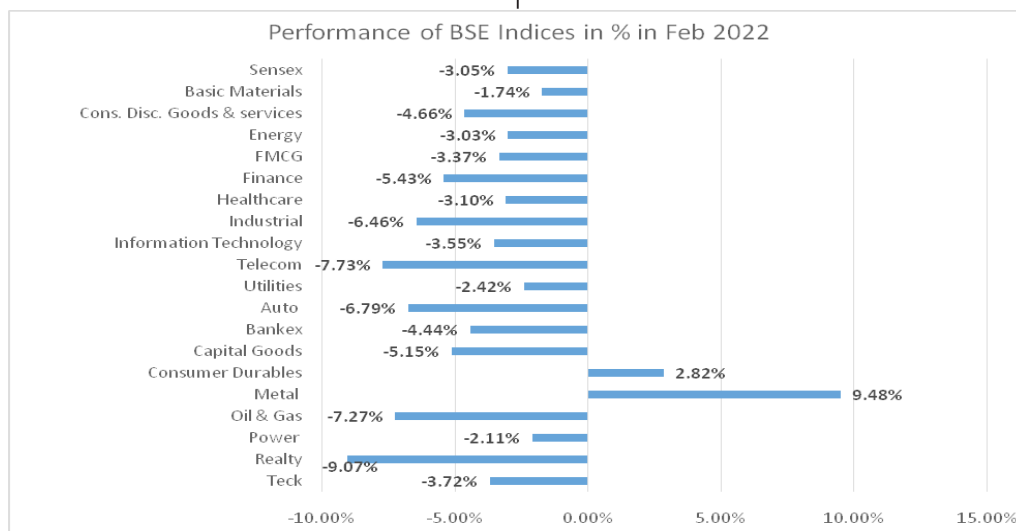
BSE Sensex went down by 3.05% to close at 56,247 in February 2022 as against 0.41% down to close at 58,014 in January 2022. Nifty 50 closed at 16,794

that was 3.15% lower as against 0.08% low to close at 17,340 in January 2022. Indices were down primarily due to Russo Ukrainian conflict and its effect on global supply chains.

Foreign Institutional Investors (FIIs) divested Rs.3,948 Crore while Domestic Institutional Investors (DIIs) invested Rs.4,142 Crore in the Indian equity markets in the month of February 22.



Equity Markets	Feb-22	Jan-22	Change %
Sensex	56,247	58,014	-3.05%
Nifty 50	16,794	17,340	-3.15%
BSE 500	22,742	23,715	-4.11%
BSE Bankex	41,636	43,569	-4.44%
BSE Consumer Durables	43,099	41,919	2.82%
BSE Healthcare	23,356	24,104	-3.10%
BSE FMCG	13,008	13,461	-3.37%



Majority of the BSE Indices were negative in the month of February. The highest decrease was in Realty

(-9.07%), Telecom (-7.73%), Oil and Gas (-7.27%) and others. Brent & energy prices are skyrocketing due to the full-scale war between Russia and Ukraine. Input costs for steam coal, coking coal, and ferro alloys are witnessing substantial rise which has resulted in higher prices of steel, nickel, zinc, etc. Hence the metal indices have gone up.

On account of the Russia-Ukraine war, the U.S. stocks also stumbled, with the S&P 500 falling 1%. Dow Jones fell 1.38% and Nasdaq lost 2.6% towards the end of February. Stock markets in Japan, Hong Kong, South Korea and Australia were down by up to 3%.

Primary market Update:

There were two mainboard IPOs of Vedant Fashions Limited and Adani Wilmar Limited in February 2022 as against one mainboard IPO of AGS Transact Technologies Ltd. in January 2022. There were four SME IPOs of Maruti Interior Products Limited, Safa Systems & Technologies Limited, Quality RO Industries Limited and Alkosign Limited in February 2022 as against one SME IPO in January 2022.

Particulars	Dec-21	Jan-22
I. Equity Issue	21,620	13,745
a. IPOs (i+ii)	15,681	700
i. Main Board	15,553	680
ii. SME Platform	128	20
b. FPOs	0	15
c. Equity Rights Issue	2,577	99
d. QIP/IPP	704	0
e. Preferential Allotment	2,658	12,931
II. Debt Issue	73,601	26,704
a. Debt Public Issue	456	1,128
b. Private Placement of Debt	73,145	25,576
Total Funds Mobilised (I+II)	95,221	40,449

Mergers and Acquisitions (M&A) and Private Equity (PE) key deals:

M&A: J.B. Chemicals & Pharmaceuticals Ltd. (JBCPL) to acquire brands from Sanzyme:

Transaction:

- J.B. Chemicals & Pharmaceuticals Limited (JBCPL), a pharmaceutical company announced that it will acquire brands for the India market from Sanzyme Private Limited (Sanzyme), a player in the probiotics and reproductive health segment in the country.
- The transaction is valued at Rs.628 crore and the consideration payable by JBCPL is in cash.

J.B. Chemicals & Pharmaceuticals Limited:

- Established in 1976, J.B. Chemicals & Pharmaceuticals Ltd. (JBCPL) is an Indian pharmaceutical company and a player in hypertension segment. Besides India its other two home markets are Russia and South Africa. In India, the company has five brands among the top 300 brands in the country. The company exports its finished formulations to over 30 countries including the USA.
- Besides supplying branded generic formulations to several countries, it also manufactures medicated lozenges. It has seven manufacturing facilities in India including a dedicated manufacturing facility for medicated lozenges.

Sanzyme Private Limited:

- Sanzyme was founded as UNISANKYO LTD. It was first established in 1969 as an Indo-Japanese pharmaceutical venture. In 2011, the company became a completely Indian entity and was rechristened as Sanzyme.
- Sanzyme Private Limited is engaged in the manufacture, distribution and marketing of specialty probiotics formulations, infertility management products and nutraceuticals products. It operates in the gastroenterology, nephrology, urology and gynecology therapy areas with brands such as Sporlac, Lobun, and Gynogen.

- It has pan-India distribution network which caters to 300,000 pharmacists and reaches 100,000 doctors.

Rationale:

- The acquisition will mark JBCPL's entry into the fast-growing probiotics, therapeutic nutraceuticals and reproductive health market.
- JBCPL's has strategy of building diversified pharmaceutical business in India comprising of quality brands. Post the transaction, JBCPL would be able to further scale up and institutionalize the acquired brands within the territory of India.
- Mr. Nikhil Chopra, CEO & Whole-time Director, J.B. Chemicals & Pharmaceuticals Limited commented that they are glad to announce their first acquisition which expands their presence into new therapeutic areas and also increases the addressable opportunity in the India pharma market. This is in line with their stated objective of building big brands through category leaders. Sanzyme has been a pioneer in the probiotics segment and they wish to build further on this legacy.
- The turnover of Sanzyme Private Limited for FY20 was Rs.194 crore and for FY21 was Rs.130 crore from which the turnover of brands acquired was Rs.88 crore in FY21.
- US private equity giant KKR acquired about 54 per cent stake in JB Chemicals for around Rs 3,100 crore in July 2020.

PE: Uniphore Announces \$400 Million Series E Funding Round:**Transaction:**

- Uniphore announced its Series E funding round of \$400 million./ This funding round brings Uniphore's total funding to more than half a billion (\$610 million).
- This round is led by NEA and raises the company's valuation to \$2.5 billion. March Capital and other existing Uniphore investors along with new entities also participated in this funding round.

Uniphore:

- Uniphore, founded in 2008, is a Conversational Service Automation (CSA) company which combines artificial intelligence, automation technology and machine learning. Uniphore is disrupting an outdated customer service model and bridging the gap between humans and machines by focusing on conversations.

New Enterprise Associates (NEA):

- NEA is a global venture capital firm focused on investing in technology and healthcare.
- It has four decades of investing experience and more than \$20 billion in committed capital. It has built 600 businesses, resulting in more than 230 IPOs and 390 acquisitions, across sectors, stages and geographies.

Rationale:

- This new round of funding is Uniphore's largest to date and will be used to extend Uniphore's technology and market leadership with advancements in voice AI, computer vision and tonal emotion, as well as to expand its business operations globally, specifically in North America, Europe and Asia Pacific.
- Uniphore wants double down on technology that will define the future.
- Contact centers have become dramatically more complex. Despite their central importance to customer experience and brand value, many contact centers still lack a comprehensive, enterprise grade platform—this gap is impactful especially for large contact centers. Uniphore tries to fill this gap for enterprises.
- It offers a comprehensive and powerful conversational automation platform that combines conversational AI, workflow automation, and robotic process automation (RPA) into a single, business user-friendly, integrated solution to transform and democratize customer experiences. Uniphore's deep experience with large enterprise contact centers allows its platform to tightly integrate with

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