

It's a sweet deal as Godrej Beverages & Foods acquires Nutrine

Mumbai, June 14, 2006: Godrej Beverages & Foods Limited (GBFL), an associate of Godrej Industries Limited, has signed a definitive agreement to acquire 100% of Nutrine Confectionery Company Private Limited, the largest player in the Indian confectionery market.

Nutrine Confectionery Company Private Limited was founded by the B.V. Reddy family in 1952 and since then has grown into a multi-product, multi-market company and continues to be one of the largest manufacturers of confectionery in India.

Highlights

- **The acquisition gives GBFL an entry into the fast growing organized confectionery market in India**
- **The acquisition gives ownership of the Nutrine brand, the market leader in the confectionery business with strong sub-brands like MahaLacto, Koko Naka, Milk Eclairs, Honey Fab, Aam Ras and Gulkand**
- **The acquisition will help GBFL to enhance its turnover to over Rs. 400 crore per annum, increase its profits and add value to its and Godrej Industries shareholders**
- **GBFL will also leverage Nutrine's strong distribution network for increased synergy**

Commenting on the acquisition, Mr. Adi Godrej, Chairman Godrej Group, said, "This acquisition is a strategic fit in our growing portfolio of the foods businesses and gives us ready access to a strong portfolio of confectionery brands as well as the distribution system which Nutrine has built. The experience and skills of Nutrine and GBFL complement each other well. Acquisitions of such profitable businesses and

strong brands that are synergistic with our core business segments will continue to be our strategy for strengthening our foods businesses.

Mr. Mahendran, Director, Godrej Beverages & Foods Limited, states, “With this acquisition Godrej Beverages and Foods Limited is quickly moving ahead to achieving its vision of becoming Rs. 1000 crore company through organic as well as inorganic growth. Nutrine is a leading confectionery brand, and its acquisition will help us get a firm foothold in this market.”

Talking about the sale, Mr. Vikram Reddy said “We are pleased that Nutrine Confectionery, a company our family has assiduously built up over several decades, will now be part of the Godrej Group. Godrej’s financial, marketing and management strengths will help the further growth of Nutrine in the years to come”.

Details of transaction

The acquisition will be funded by a mix of fresh equity infusion from existing shareholders as well as debt.

Godrej Beverages and Foods Limited was formed in March 2006, when Godrej Industries transferred its Foods Division to Godrej Tea Limited for a consideration of Rs.70 crore. Godrej Tea was renamed Godrej Beverages and Foods Limited to reflect the combined business. Godrej Industries is the largest shareholder of GBFL with 48% stake and IL&FS Investor Managers have invested Rs. 60 crore for a 40% stake.

Nutrine Confectionery is a 53 year old brand, with a turnover of Rs. 182 crore. The company is a market leader in the sugar confectionery category with a 24 per cent market share. It has a range of strong sub-brands like Maha Lacto, Milk Eclairs, Honey Fab, Aam Ras, Gulkand and Koko Naka. Nutrine products are available in over one million retail outlets in India. It has strong leadership and extensive expertise in the confectionery industry.

MAPE Advisory Group, acted as the sole financial advisor to Godrej Beverages & Foods Ltd.

About Godrej Beverages & Foods Ltd

Godrej Beverages and Foods Ltd is part of the Rs.6000 crore Godrej Group. With a turnover of around Rs. 200 crore it has a business spanning foods like tea, edible oils, health drinks including soymilk, tomato puree, fruit drinks and bakery fats.

Some of the strong established brands of the company are Jumpin range of Fruit drinks, Xs fruit juices, Sofit Soymilk, Sofit Ready to Eat Cereals, Godrej Tea, Godrej Refined Sunflower Oil, Godrej Vanaspati, Cooklite Sunflower Oil, Godrej Refined Groundnut Oil, Godrej 100% Refined Blended Vegetable Oil and Bakery Fats like Himgiri, Zesta Puff and Godrej Margarine and Godrej Tomato Puree. For more details please visit <http://www.godrejinds.com>

About MAPE Advisory Group

MAPE advisory group is a boutique investment bank focusing on mid market mergers and acquisitions, private equity and debt syndication. Founded by three senior Merrill Lynch bankers in 2001, MAPE has executed about 30 transactions with a total deal size of more than \$400 Mn in sectors such as Technology, Engineering, Pharma, Consumer Goods and Financial Services. For more details please visit www.mapegroup.com

Some of the statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the domestic industry, significant changes in political and economic environment in India, tax laws, import duties, litigation and labour relations.