



FORBES GOKAK LTD.

Bombay Stock Exchange Ltd.
Mumbai

28th November, 2006

Dear Sir,



Intimation in compliance with the requirements of the Stock Exchange Listing Agreement Restructuring of the businesses of the Company

1. We refer to our letter dated 9th November, 2006 conveying the outcome of the meeting of the Board of Directors of the Company held on that date advising the constitution of a Committee of Directors of the Company, to examine, in consultation with accounting and legal advisors, the advisability of restructuring of businesses of the Company and make a recommendation to the Board of Directors of the Company, for their consideration.
2. The said Committee of Directors in consultation with the advisors have recommended the demerger of the Textiles Division i.e. yarn business (the manufacturing unit of which is located at Gokak Falls, Dist. Belgaum, Karnataka State) and the knitwear business (the manufacturing unit of which is located at Marihal Dist. Belgaum, Karnataka) by way of a Scheme of Arrangement under the provisions of Section 391 to 394 of the Companies Act, 1956 ('the Act').
3. At its meeting held on 28th November 2006, the Board of Directors of the Company have approved the said Scheme of Arrangement consisting of the demerger of the Textiles Division of the Company, with 1st April 2007 as the Appointed Date, into an unlisted Public Company located in the state of Karnataka (Resulting Company).
4. Based on the report of the appointed valuers, on the distribution ratio proposed by the Board of Directors of the Company, upon the Scheme being effective, the Shareholders of the Company, on a Record Date to be separately decided by the Board of Directors of Forbes Gokak Ltd. in consultation with the Board of Directors of the Resulting Company at an appropriate time, shall receive one (1) share of the Resulting Company comprising of the Textile Division of the Company, for (and not in exchange of) every two (2) shares held by them in Forbes Gokak Limited.
5. The approval of the Board of Directors of the Company mentioned at para 3 above is subject to the Scheme of Arrangement receiving such further approvals as may be required including that of Bombay Stock Exchange Ltd., Mumbai, Shareholders and Creditors/Lenders of the Company and a sanction of the Scheme by the High Court(s) under the provisions of Section 391 to 394 of the Act.

We will keep you posted of further progress on this matter from time to time.

Yours faithfully,

For FORBES GOKAK LIMITED

(K.C. Mehra)

Deputy Chairman and Managing Director