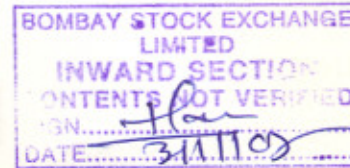




# FORBES GOKAK LTD.

Date: 31st January, 2007

Secretary,  
Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.



Dear Sirs,

Compliance with the requirements of Clause 41 of the Listing Agreement -  
**Financial Results for the quarter and nine months ended 31st December, 2006**

We set out the unaudited financial results for the quarter ended 31st December, 2006.

(Rs. in Lakhs)

Particulars	(1)	(2)	(3)	(4)	(5)
	Quarter ended 31.12.2006	Quarter ended 31.12.2005	Nine Months ended 31.12.2006	Nine Months ended 31.12.2005	Year ended 31.03.2006 (Audited)
1 Net Sales / Income from Operations	15112.73	14876.91	45121.13	43316.09	57917.95
2 Provision for Diminution in the value of Investments and Loans, no longer required written back (net of loss on sale)	-	1.46	-	92.22	46.72
3 Other Income	547.73	439.55	1719.01	2039.66	3481.73
4 Total Income (1+2+3)	15660.46	15317.92	46840.14	45447.97	61446.40
5 Total Expenditure					
a) (Increase)/Decrease in Stock	(1142.05)	(412.84)	(2121.13)	(117.18)	59.17
b) Consumption of Raw Materials	7214.15	7429.49	19927.03	19329.29	25394.87
c) Purchase of Trading Stocks	1383.10	1111.43	4054.13	2687.56	3849.31
d) Power & Fuel	940.98	915.48	3224.38	3082.55	4110.09
e) Staff Cost	1972.78	1847.99	5763.98	5353.04	7156.45
f) Other Expenditure	4303.43	3064.74	12273.42	10360.76	14542.56
g) Sub Total	14672.39	13956.29	43121.81	40696.02	55112.45
6 Interest (Net) (See Note 7)	383.33	334.70	1300.07	1074.87	1263.66
7 Voluntary Retirement Compensation Charged / Amortised	47.50	38.91	134.97	114.48	105.97
8 Profit before Depreciation, Prior Period Items, Provision for Diminution and Taxation (4-5-6-7)	557.24	988.02	2283.29	3562.60	4964.32
9 Depreciation	698.91	576.84	1991.80	1751.27	2350.92
10 Profit before Prior Period Items, Provision for Diminution / Taxation (8-9)	(141.67)	411.18	291.49	1811.33	2613.40
11 Less: Provision for Diminution in the value of Investments, Doubtful Loans and Advances	5.86	2.12	24.28	3.70	9.29
12 Profit before Tax (10-11)	(147.53)	409.06	267.21	1807.63	2604.11
13 Less: Provision for Taxation					
Wealth tax	2.00	6.00	10.00	10.00	15.00
Income-tax-Current	120.81	44.31	150.81	150.00	130.00
Income-tax-Deferred	(57.80)	74.17	23.20	216.89	130.00
Fringe Benefits tax	30.37	38.63	80.45	115.53	169.02
Sub Total	95.38	163.11	264.46	492.42	444.02
14 Net Profit (12-13)	(242.91)	245.95	2.75	1315.21	2160.09
15 Paid up Equity Share Capital (Face Value of Rs.10 each)	1289.86	1289.86	1289.86	1289.86	1289.86
16 Reserves excluding Revaluation Reserve					22176.60
17 Basic and diluted Earning per Share of face value of Rs.10 each	Rs.(1.88) (for 3 months period)	Rs.1.91 (for 3 months period)	Rs.0.02 (for 9 months period)	Rs.10.20 (for 9 months period)	Rs.16.75 (for the year)
18 Aggregate of Public Shareholding					
No. of Shares	3436925	3436925	3436925	3436925	3436925
Percentage	26.65%	26.65%	26.65%	26.65%	26.65%

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**Quarterly Reporting of Segmentwise Revenue, Results & Capital Employed under clause 41 of the Listing Agreement**

(Rs. in Lakhs)

	(1)	(2)	(3)	(4)	(5)
	Quarter ended 31.12.2006	Quarter ended 31.12.2005	Nine Months ended 31.12.2006	Nine Months ended 31.12.2005	Year ended 31.03.2006 (Audited)
<b>1 Segment Revenue :(net sales / income from each segment)</b>					
(a) Textiles and Personal Wear	8241.78	8269.18	25205.04	24179.21	32673.15
(b) Engineering	2052.98	1714.28	5904.93	5057.68	6820.39
(c) Business Automation	1133.91	1079.77	3280.44	3028.82	4360.26
(d) Contract Manufacturing	3003.82	2591.62	7472.09	7910.92	10100.17
(e) Logistics Services	1043.30	1523.84	4271.01	3751.44	5154.11
(f) Others	113.10	69.95	382.95	412.07	539.03
(g) Unallocated	83.95	98.28	388.47	1177.20	2,070.87
<b>Total</b>	<b>15672.84</b>	<b>15346.92</b>	<b>46904.93</b>	<b>45517.34</b>	<b>61717.98</b>
<b>Less: Inter Segment Revenue</b>	<b>12.38</b>	<b>29.00</b>	<b>64.79</b>	<b>69.37</b>	<b>271.58</b>
	<b>15660.46</b>	<b>15317.92</b>	<b>46840.14</b>	<b>45447.97</b>	<b>61446.40</b>
<b>2 Segment Results (Profit before Tax and interest from each Segment)</b>					
(a) Textiles and Personal Wear	470.95	256.75	920.96	826.40	929.93
(b) Engineering	295.31	276.57	879.67	738.97	1011.83
(c) Business Automation	14.30	(26.64)	93.85	(33.58)	(51.40)
(d) Contract Manufacturing	190.75	(62.83)	211.78	54.90	(91.35)
(e) Logistics Services	(643.98)	419.04	(549.03)	509.63	513.69
(f) Others	2.19	(70.55)	82.10	(54.37)	(63.26)
<b>Total</b>	<b>329.52</b>	<b>792.34</b>	<b>1639.33</b>	<b>2041.95</b>	<b>2249.44</b>
<b>Less: Interest (Net)</b>	<b>383.34</b>	<b>334.70</b>	<b>1300.07</b>	<b>1074.87</b>	<b>1263.65</b>
<b>Balance</b>	<b>(53.82)</b>	<b>457.64</b>	<b>339.26</b>	<b>967.08</b>	<b>985.79</b>
<b>Add/(Less): Unallocated Income (net of Unallocated Expenditure)</b>	<b>(93.71)</b>	<b>(48.58)</b>	<b>(72.05)</b>	<b>840.55</b>	<b>1,618.32</b>
<b>Profit before Tax</b>	<b>(147.53)</b>	<b>409.06</b>	<b>267.21</b>	<b>1807.63</b>	<b>2604.11</b>
<b>3 Capital Employed (Segment assets Less Segment Liabilities)</b>					
(a) Textiles and Personal Wear	27096.61	20449.66	27096.61	20449.66	21488.46
(b) Engineering	7049.38	5303.68	7049.38	5303.68	5852.45
(c) Business Automation	1774.45	1710.24	1774.45	1710.24	1924.68
(d) Contract Manufacturing	5571.42	4191.01	5571.42	4191.01	3619.30
(e) Logistics Services	3829.69	2529.62	3829.69	2529.62	3631.89
(f) Others	(840.78)	(95.48)	(840.78)	(95.48)	5314.51
	<b>44480.77</b>	<b>34088.73</b>	<b>44480.77</b>	<b>34088.73</b>	<b>41831.29</b>

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**NOTES:**

1. Previous period's / year's figures have been regrouped / recast wherever necessary.
2. The results of the nine months ended 31<sup>st</sup> December, 2005 as published earlier did not include results of erstwhile FAL Industries Ltd. which has amalgamated with the Company with effect from 1<sup>st</sup> April, 2005. Consequently, figures for the nine months ended 31<sup>st</sup> December, 2005 have been recast to include results of erstwhile FAL Industries Ltd. The recast figures have not been subjected to limited review.

3. a) Other Income includes:

(Rs. in Lakhs)

	Q.E. 31.12.06	Q.E. 31.12.05	9 Months Ended 31.12.06	9 Months Ended 31.12.05	Y.E. 31.03.06
Capital Profit on sale of units in Mutual Fund/Sale of Property	121.04	--	182.78	--	--
Buy back of shares by a subsidiary Company	--	--	--	799.27	799.27
Income pertaining to prior period .	--	--	141.18	--	--

- b) Other Expenditure includes an exceptional cost in respect of the Logistic Service Business for the quarter and nine months ended 31<sup>st</sup> December, 2006 a debit of Rs.627.72 Lakhs in respect of consequential costs, arising out of Chartering Activity.
4. The Company has invested Rs.5,00,000 in the share capital of ANS Textiles (Bangalore) Limited (Name changed to "GOKAK TEXTILES LIMITED") and this Company has become wholly owned subsidiary of FGL.
5. Auditors in their report for the year ended 31.03.2006 had commented upon balances to be reconciled and set off. The work for the reconciliation of the balances have been completed and Rs.2,24,337 has been transferred to Profit and Loss Account during the quarter ended 31<sup>st</sup> December, 2006. As regards observation of the Auditors in the Report regarding revaluation of certain assets, the practice followed by the Company is based on the legal advice received by the Company.
6. The Company had revalued certain land and building as at 31<sup>st</sup> March, 2006 and difference of Rs.6,529.33 lakhs arising on revaluation was credited to revaluation reserve. The Company has sold part of these land and building during the nine months ended 31<sup>st</sup> December, 2006. Out of the gains aggregating Rs.6,534.49 lakhs arising from the sales of these assets, a sum of Rs.5.16 lakhs was credited to the Profit and Loss Account and included as part of 'Other Income' for the nine months ended ended 31<sup>st</sup> December, 2006.
7. Interest cost shown in item 6 above is net after deducting interest income Rs.223.37 Lakhs for the quarter ended 31<sup>st</sup> December, 2006 (*corresponding previous quarter Rs.54.97 Lakhs*); Rs.368.08 Lakhs for the nine months ended 31<sup>st</sup> December, 2006; (*corresponding previous period Rs.206.80 Lakhs*); and Rs.471.24 Lakhs for the year ended 31<sup>st</sup> March, 2006.
8. Pursuant to the Accounting Standard 15 (Revised) on 'Employee Benefits' (AS-15), issued by the Institute of Chartered Accountants of India being mandatory with effect from April, 2006, the adjustments on account of transitional provisions will be dealt with in the General Reserves at the year end.

9. Board of Directors have proposed, subject to necessary sanction and approvals including that of the shareholders of the Company, Demerger of the Textile activities of the Company i.e. yarn business of which the manufacturing unit located at Gokak Falls and Knitwear business of which the manufacturing unit is located at Marihal, into a separate Company effective from 1<sup>st</sup> April, 2007. Date of the shareholders meeting to consider this demerger will be communicated separately.
10. The figures for the quarter ended 31<sup>st</sup> December, 2006 have been derived after considering the figures for the quarter ended 30<sup>th</sup> September, 2006 which were adjusted for difference arising on account of limited review.
11. The above results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 31<sup>st</sup> January, 2007.
12. As on 1<sup>st</sup> October, 2006, there was 1 pending shareholder complaint. In addition, there were 10 pending Court cases (inclusive of 5 pending cases relating to erstwhile FAL Industries Ltd), which remain pending as at 31<sup>st</sup> December, 2006. The Company has received 22 complaints during the quarter ended 31<sup>st</sup> December, 2006 out of which 22 complaints for the quarter and 1 complaint for the earlier quarter have been resolved to the satisfaction of the shareholders at the end of quarter ended 31<sup>st</sup> December, 2006.

**For Forbes Gokak Limited**

  
(K.C. Mehra)

**Deputy Chairman & Managing Director**

**Mumbai, 31<sup>st</sup> January, 2007**