



December 29, 2011

Corporate Relations Department
Bombay Stock Exchange Limited,
1st Floor, New Trading Wing
Rotunda Building, P J Towers
Dalal Street, Fort
Mumbai - 400 001

The Market Operations Department
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No C/1, G Block
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051

Fax Nos : 22723121 / 22722041

Fax Nos : 26598237 / 38

Dear Sirs,

Re: Decision taken at the meeting of the Board of Directors

The Board of Directors of the Company at its meeting held today considered and approved a Composite Scheme of Arrangement and Amalgamation between Morarjee Textiles Limited ('Morarjee') and Five Star Mercantile Private Limited ('FSMPL') and Morarjee Holdings Private Limited ('MHPL') and their respective shareholders ('the Scheme') under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956. The salient features of the Scheme are as under:

With effect from the Appointed Date April 01, 2011, the Integra Division pertaining to Garment Manufacturing Business alongwith its investments in MHPL would be transferred from Morarjee to FSMPL and the consideration as approved by the Board to the shareholders of Morarjee would be as under:

- *"1 fully paid Equity Share of Rs.3 each of FSMPL shall be issued and allotted for every 1 fully paid Equity Share of Rs. 10 each held in Morarjee"*
- *"1 fully paid 5% Redeemable Cumulative Non-Convertible Preference Shares of Rs.1/- each of FSMPL shall be issued and allotted for every 10 fully paid 5% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each held in Morarjee"*
- *"1 fully paid 9% Redeemable Cumulative Non-Convertible Preference Shares of Rs.1/- each of FSMPL shall be issued and allotted for every 10 fully paid 9%*

MORARJEE TEXTILES LTD

2, Peninsula Spenta, Mathuradas Mills,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013 INDIA

Tel : (+91-22) 6615 4651
(+91-22) 6615 4652
(+91-22) 6615 4653

Fax : (+91-22) 6615 4607
(+91-22) 6615 4608
www.morarjee.com

Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each held in Morarjee"

Further, pursuant to the Scheme, the face value and paid up value per share of Morarjee shall reduce from Rs. 10/- to Rs. 7/- per share and the aggregate paid up share capital of Morarjee to reduce from Rs. 36,33,23,490/- to Rs. 25,43,26,443/-

Under the same Composite Scheme, MHPL would be merged with FSMPL and no shares would be issued pursuant to merger. The Appointed Date for the said merger would be January 01, 2012.

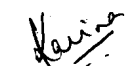
Upon the Scheme becoming effective, the shares of FSMPL shall be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, and will have a mirror shareholding as that of Morarjee.

The Composite Scheme is subject to requisite consent, approval of the requisite majority of the shareholders and creditors of Morarjee, FSMPL and MHPL, all the relevant stock exchanges, the Bombay High Court, and the permission or approval of the Central Government or any other statutory or regulatory authorities, which by law may be necessary for the implementation of the Scheme.

Request you to take the above on record.

Thanking you,

Yours faithfully,
For **Morarjee Textiles Limited**



Karina Vaz
Dy. Company Secretary