Northgate™
Technologies Ltd

May 19,2011

The Secretary
The National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra - Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sirs,

Re: Outcome of the meeting of the Board of Directors of the Company

I. The Board of Directors of the Company at their meeting held on 19 May' 11, considered and approved the Composite Scheme of Arrangement and Amalgamation between Northgate Technologies Limited ('NTL' or 'the Company') and Northgate Com Tech Private Limited ('Worthgate Com') and Green Fire Agri Commodities Private Limited ('Green Fire') and their respective shareholders and creditors ('Scheme') under Sections 391-394 read with Sections 100-103 of the Companies Act, 1956.

(A) RATIONALE FOR THE SCHEME

Northgate Technologies Limited is an internet technology company and is engaged in the business of online advertising aggregation and multipurpose VoIP services. It owns global web properties such as www.bharatstudent.com, www.ulobe7.com, www.ziddu.com and www.axill.com. The Company has recently forayed into the business of commodity trading by acquiring controlling stake in Green Fire.

Green Fire basically creates high end Electronic Communication Network (ECN) for global commodities by connecting to Multiple Future, Spot exchanges, e-auction platforms, Trade bots, Processors and retailers across the globe in real time using Global Grid Matrix (GGM), High Frequency Trading (HFT) algorithms.

The Company is of the view that segregation of the internet and commodity trading operations, inter-alia, will result to the following benefits:

(a) Efficient and focused management on each business segment;
(b) Unlocking value for the shareholders of Northgate; and
(c) Operating and Administrative efficiencies

(B) SALIENT FEATURES OF THE SCHEME

The salient features of the Scheme are as under:

1. The Appointed Date of the Scheme is April 1, 2011.

2. Demerger of Internet Business Undertaking of the Company into Northgate Com and merger of Green Fire into the Company.

3. Based on the Valuation Report and Fairness Opinion submitted by M/s BDO Consulting Private Limited and M/s Almondz Global Securities Limited respectively, the Board approved the Share Entitlement Ratio as follows:

   "1 (One) fully paid Equity Shares of Rs. **10** (Rupees Ten) each of Northgate Com shall be issued and allotted for every **1** (One) Equity Shares of Rs. **10** (Rupees Ten) each held in the Company."

   "**158** (One Hundred fifty eight) fully paid Equity Shares of Rs. **10** (Rupees Ten) each of Northgate shall be issued and allotted for every **1** (One) fully paid Equity Shares of Rs. **10** (Rupees Ten) each held in Green Fire (except in respect of shares held by the Company in Green Fire)."

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The Scheme is subject to the consent, approval of requisite majority of shareholders and creditors of the Company, Northgate Com and Green Fire, sanction of the High Court of Judicature of Andhra Pradesh at Hyderabad and all other regulatory approvals as may be necessary for the implementation of the Scheme.

4. The copy of the Composite Scheme of Arrangement and Amalgamation is attached herewith,

5. Consequent to the demerger of the Internet business of Northgate into Northgate Com, the shares of the Northgate Com will be listed on the National Stock Exchange of India Limited and the name of the Northgate Com will be changed to "Northgate Technologies Limited".

6. Consequent to the merger of Green Fire into Northgate, the name of the Northgate will be changed to "Green Fire Agri Commodities Limited" and the face value and the paid-up value of the shares of the Company together with the new shares issued and allotted on merger will be reduced by Rs. 9 without payment to the holders of such equity shares of Northgate. The shares of the Northgate will continue to list on National Stock Exchange of India Limited.

II. The Board of directors at their meeting of the Board of directors held on May 19, 2011, also considered and approved the audited consolidated and the standalone financial results of the Company for the year ended March 31, 2011. The financial results as per Clause 41 of the listing agreement are enclosed herewith.

Thanking you,

Yours faithfully,
For Northgate Technologies Limited

Venkat S Meenavalli
Chairman and Managing Director

Northgate Technologies Limited Hyderabad

Cc to:
Bombay Stock Exchange Ltd.,
Mumbai.

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Northgate Technologies Limited
SDE Serene Chambers, 1st Floor, Western Wing, Banjara Hills, Road No: 5, Hyderabad - 500 034

A.Audited Consolidated Financial Results for the year ended March 31,2011

Amount/Rs. in Lakhs except EPS and Shareholding

SI. No	Particulars	For the year ended	
		31.03.2011 (1)	31.03.2010 (2)
1	Revenues	12,966.60	7,446.34
2	Cost of Revenues	11,733.88	8,410.86
3	**Gross Profit /(Loss)**	**1,232.72**	**(964.52)**
4	Selling and Marketing expenses	102.75	2,205.49
5	General and Administrative expenses	570.30	1,090.81
6	Bad and doubtful debts written off/ provided for/(recovered)	193.56	2,025.26
7	Advances written off	-	75.44
8	Fixed Assets discarded, net/ written off	0.47	6,218.92
9	**Operating Profit/(Loss) before Interest. Depreciation and Amortization**	**365.64**	**(12,580.44)**
10	Depreciation and amortization	353.49	2,940.83
11	**Operating Profit/(Loss) before Interest**	**12.15**	**(15,521.27)**
12	Interest expense	84.81	24.38
13	**Operating Profit/(Loss) after Interest**	**(72.66)**	**(15,545.65)**
14	Exceptional item	16.32	-
15	Other income	216.58	1,192.18
16	**Profit/(loss) before tax**	**160.24**	**(14,353.47)**
17	Provision for taxation		
	- Current	18.68	278.56
	- Deferred	0.36	-
18	**Net Profit / (Loss) after tax and before Prior period expenses and Minority Interest**	**141.20**	**(14,632.03)**
19	Prior Period Expenses	-	66.41
20	**Net Profit / (Loss) after tax and Prior period expenses and before Minority Interest**	**141.20**	**(14,698.44)**
21	Minority Interest	(36.08)	-
22	**Net Profit / (Loss)**	**105.12**	**(14,698.44)**
23	Paid-up Equity Share Capital (Face value of Rs.10 each)	4,914.71	3,514.71
24	Reserves excluding Revaluation Reserve	29,074.88	28,338.02
25	Debit balance in profit and loss account	(29,998.76)	(30,103.88)
26	Earnings Per Share (EPS) (Equity shares of face value of Rs.10 each)		
	- Basic	0.26	(41.71)
	- Diluted	0.26	(41.71)
27	Public Shareholding		
	- Number of shares	38,378,474	24,069,808
	- Percentage of shareholding	78.29	68.73
28	Promoters and promoter group Shareholding		
	a) Pledged/Encumbered		
	- Number of shares	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-
	- Percentage of shares (as a% of the total share capital of the company)	-	-
	b) Non-encumbered		
	- Number of shares	10,640,116	10,948,782
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100
	- Percentage of shares (as a% of the total share capital of the company)	21.71	31.27

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Notes to the consolidated financial results:

1 The above consolidated financial results has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May

2 The Group has as part of its restructuring envisaged the segregation of its internet and commodity trading operations. The Group believes that the restructuring will result in the following benefits:
(a) Efficient and focused management on each business segment;
(b) Unlocking value for the shareholders of Northgate; and
(c) Operating and administrative efficiencies.
Accordingly, the Board of Directors of the Company at their meeting held on 19 May 2011, considered and approved the Composite Scheme of Arrangement between Northgate Technologies Limited ('NTL' or 'the Company') and Northgate Com Tech Private Limited ('Northgate Com') and Green Fire Agri Commodities Private Limited ('Green Fire') and their respective shareholders and creditors ('Scheme') under Sections 391-394 read with Sections 100-103 of the Companies Act, 1956.
The Scheme is subject to consent, approval of requisite majority of shareholders and creditors of the Company, Northgate Com and Green Fire, sanction of the High Court of Andhra Pradesh and all other regulatory approvals as may be necessary for the implementation of the Scheme.
The salient features of the Scheme are as under:
(a) The Appointed Date of the Scheme is 1 April 2011.
(b) The Scheme involves the demerger of Internet Business Undertaking of the Company into Northgate Com and merger of Green Fire into the Company
(c) Based on an independent valuation and fairness opinion, the Board approved and recommended the Share Entitlement Ratio as follows:

"1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each of Northgate Com shall be issued and allotted for every 1 (One) Equity Share of Rs. 10 (Rupees Ten) each held in the Company."
"158 (One Hundred fifty eight) fully paid Equity Shares of Rs. 10 (Rupees Ten) each of Northgate shall be issued and allotted for every 1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each held in Green Fire (except in respect of shares held by the Company in Green Fire)."
(d) Consequent to the demerger of the Internet business of Northgate into Northgate Com, the shares of the Northgate Com will be listed on the National Stock Exchange of India Limited and the name of Northgate Com will be changed to "Northgate Technologies Limited".
(e) Consequent to the merger of Green Fire into NTL, the name of NTL will be changed to "Green Fire Agri Commodities Limited" and the face value and the paid-up value of the shares of the Company together with the new shares issued and allotted on merger will be reduced by Rs. 9 without payment to the holders of such equity shares of Northgate. The shares of the Northgate will continue to list on National Stock Exchange of India Limited.

3 During the year, the Group raised an amount of Rs 2,870 lakhs by issuance of 14,000,000 equity shares of Rs 10 each at a premium of Rs.10.50 per share through Qualified Institutional Placement (QIP).

4 The Group commenced Commodities Trading segment effective from September 20,2010, by way of acquiring 51% stake in Green Fire Agri Commodities Private Limited (Green Fire) for an agreed cash consideration of Rs. 800.33 Lakhs.

5 Pursuant to the Share Sale Agreement dated November 11,2010 for sale of 100% equity share of VAR Quant Tech Securities Private Limited, the Securities and Derivatives Trading has been discontinued and the gain on sale of the subsidiary of Rs 16.32 lakhs has been recorded under exceptional item. During the previous year, Group had inadvertently failed to obtain prior approval of the Reserve Bank of India (RBI) in relation to the securities trading activities of Var Quant Tech Securities Private Limited and such activities were carried out in contravention of the RBI guidelines. The Management has applied to the RBI for condoning of such non compliance and believes that the RBI would condone the non-compliance and that there would be no financial penalties imposed. Revenues and the Cost of Revenues for this segment for the year ended March 31,2011 is Rs. 50.95 lakhs and Rs. 51.93 lakhs respectively.

6 During the year ended March 31,2011 one investor complaint was received and the same was resolved. No investor complaints were pending either at the beginning or at the end of the year.



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7 Details of expenditure incurred on staff cost and other expenditure exceeding 10% of the total expenditure are as follows:

Amount/&. in Lakhs

Sl. No	Particulars	For the year ended	
		31.03.201 1	31.03.2010
		(1)	(2)
i.	Staff cost (included under various heads)	624.44	1,051.83
ii.	Traffic acquisition cost (included under Cost of Revenues)	3,203.79	2,682.96
iii.	Cost of Commodities (included under Cost of Revenues)	7,862.99	
iv.	Cost of Securities (included under Cost of Revenues)		4,142.99

8 Segment reporting:

Amount/&. in Lakhs

Sl. No	Particulars	For the year ended	
		31.03.2011	31.03.2010
		(1)	(2)
1	**Segment Revenue**		
	a. Online Advertising	4,875.26	3,305.94
	b. Commodities trading	8,040.39	
	c. Derivative and securities trading	50.95	4,140.40
	Total	12,966.60	7,446.34
	Less: Inter Segment Revenues		
	Net Revenues	12,966.60	7,446.34
2	**Segment Results**		
	(Profit/(Loss) before tax and interest from each segment)		
	a. Online Advertising	153.58	(14,313.64)
	b. Commodities trading	92.33	
	c. Derivative and securities trading	(0.86)	(15.45)
	Total	245.05	(14,329.09)
	Less:		
	i. Interest	(84.81)	(24.38)
	ii. Other un-allocable expenditure net off un-allocable income	-	-
	Operating Profit before Tax	**160.24**	**(14,353.47)**
3	**Capital Employed**		
	(Segment assets - Segment liabilities)		
	a. Online Advertising	2,892.39	1,754.31
	b. Commodities trading	1,098.44	-
	c. Derivative and securities trading	-	(5.46)
4	Un-allocable Capital Employed	-	-
	Total Capital Employed	**3,990.83**	**1,748.85**

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9 Statement of Assets and Liabilites :

Amount/Rs. in Lakhs

Particulars	As at	
	31.03.2011	31.03.2010
SHARE HOLDERS' FUNDS		
(a) Share capital	4,914.71	3,514.71
(b) Reserves and Surplus	29,074.88	28,338.02
LOAN FUNDS		
(a) Secured loan	746.35	263.63
(b) Unsecured loan	250.00	-
Deferred tax liability	0.36	-
Minority Interest	48.38	-
TOTAL	**35,034.68**	**32,116.36**
Fixed Assets	370.10	772.34
Good will	787.52	
CURRENT ASSETS, LOANS AND ADVANCES		
(a) Sundry debtors	2,536.68	788.25
(b) Cash and bank balances	710.53	279.79
(c) Loans and advances	1,904.21	960.45
(d) Stock	20.75	-
Less: Current liabilities and provisions	-	-
(a) Current liabilities	1,264.95	782.75
(b) Provisions	28.92	5.59
Net current assets	3,878.30	1,240.15
PROFIT AND LOSS ACCOUNT	29,998.76	30,103.87
TOTAL	**35,034.68**	**32,116.36**

10 Details of Standalone financial results as per Clause 41 of the Listing agreement :

Amount/Rs. in Lakhs

Sl.No.	Particulars	For the year ended	
		31.03.2011	31.03.2010
		(1)	(2)
1	Revenues	430.25	795.64
2	Profit/(loss) before tax	(174.97)	(9,620.32)
3	Net Profit / (loss) for the year	(175.30)	(9,876.97)

11 Previous year figures have been regrouped, rearranged, restated and reclassified where ever necessary, for the purpose of comparison.

Northgate Technologies Limited Hyderabad

for and on behalf of the Board

Venkat S, Meenavalli
Chairman and Managing Director

Place: Hyderabad
Date: May 19,2011

Northgate Technologies Limited
SDE Serene Chambers, 1st Floor, Western Wing, Banjara Hills, Road No: 5, Hyderabad - 500 034

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B. Audited Standalone Financial Results for the year ended March 31,2011

Amount/Rs. in Lakhs except EPS and Shareholding

Sl. No	Particulars	For the year ended 31.03.2011 (1)	31.03.2010 (2)
1	Revenues	430.25	795.64
2	Cost of Revenues	212.22	394.12
3	Gross Profit	218.03	401.52
4	Selling and Marketing expenses	5.88	8.98
5	General and Administrative expenses	112.77	263.46
6	Provisions written back	-	
7	Bad and doubtful debts written off1 provided for	-	-
8	Advances written off	158.04	34.66
9	Fixed Assets discarded, net/ written off	0.47	81.93
10	Provision for decline in value of Long Term Investments	-	9,433.11
11	Operating Profit/(Loss) before Interest, Depreciation and Amortization	(59.13)	(9,420.62)
12	Depreciation and amortization	54.51	112.13
13	Operating Profit/(Loss) before Interest	(113.64)	(9,532.75)
14	Interest expense	101.65	87.89
15	Operating Profit/(Loss) after Interest	(215.29)	(9,620.64)
16	Other income	40.32	0.32
17	Profit/(loss) before tax	(174.97)	(9,620.32)
18	Provision for taxation		
	- Current	0.33	256.65
	- Deferred	-	-
19	Net Profit I (Loss) for the year	(175.30)	(9,876.97)
20	Paid-up Equity Share Capital (Face value of Rs.10 each)	4,914.71	3,514.71
21	Reserves excluding Revaluation Reserve	27,348.94	25,995.30
22	Debit balance in profit and loss account	(24,990.92)	(24,815.62)
23	Earnings Per Share (EPS) (Equity shares of face value of Rs.10 each)		
	- Basic	(0.44)	(28.20)
	- Diluted	(0.44)	(28.20)
24	Public Shareholding		
	- Number of shares	38,378,474	24,069,808
	- Percentage of shareholding	78.29	68.73
25	Promoters and promoter group Shareholding		
	a) Pledged/Encumbered		
	- Number of shares	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-
	- Percentage of shares (as a% of the total share capital of the company)	-	-
	b) Non-encumbered		
	- Number of shares	10,640,116	10,948,782
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100
	- Percentage of shares (as a% of the total share capital of the company)	21.71	31.27

Notes to the standalone financial results:

1 The above standalone financial results has been reviewed by the Audit Committee and approved by the Board of directors at their meeting held on May 19,2011.

2 The Company's business activities relate to only one business segment i.e. IT services.

3 During the year, the Group raised an amount of Rs.2,870 Lakhs by issuance of 140 Lakhs no. of equity shares of Rs. 10 each at a premium of Rs.10.50 /share through Qualified Institutional Placement (QIP).

4 During the year ended March 31,2011 one investor complaint was received and the same was resolved. No investor complaints were pending either at the beginning or at the end of the year.

Sl. No	Particulars	For the year ended 31.03.2011 (1)	31.03.2010 (2)
i.	Staff cost (included under various heads)	210.00	325.38

6 Previous year figures have been regrouped, rearranged, restated and reclassified where ever necessary, for the purpose of comparison.

Northgate Technologies Limited Hyderabad

for and on behalf of the Board

Venkat S. Meenavalli
Chairman and Managing Director

Place: Hyderabad
Date: May 19,2011