

IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH:  
AT HYDERABAD  
(ORIGINAL JURISDICTION)

COMPANY APPLICATION No. 1103 OF 2011

In the matter of Companies Act, 1956 (1 of 1956)  
and  
In the matter of Section 391 and 394 read with Section 100 to 103 of the said Act  
and  
In the matter of M/s. Northgate Technologies Limited  
and  
In the matter of M/s. Northgate Com Tech Limited  
and  
In the matter of M/s. Green Fire Agri Commodities Private Limited  
And  
Their Respective Shareholders

M/s. Northgate Technologies Limited  
a company incorporated under the  
Companies Act, 1956 having its  
registered office at SDE Serene Chambers,  
8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7,  
Banjara Hills, Hyderabad – 500 034, Andhra Pradesh;  
Represented by its Chairman & Managing Director,  
Sri Venkata Srinivas Meenavalli

... Applicant/  
(Demerged / Transferee Company)

**NOTICE CONVENING MEETING**

To,  
The Members of  
M/s. Northgate Technologies Limited

Take notice that by an order made on the 30<sup>th</sup> August, 2011 the Hon'ble High Court of Andhra Pradesh at Hyderabad has directed that the meeting of the shareholders of M/s. Northgate Technologies Limited, be held at Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad – 500034, on Friday the 30<sup>th</sup> day of September, 2011 at 11.30 AM, for the purpose of considering and, if thought fit, approving, with or without modification(s) the Composite Scheme of Arrangement and Amalgamation between Northgate Technologies Limited and Northgate Com Tech Limited and Green Fire Agri Commodities Private Limited and their respective Shareholders.

Take further notice that in pursuance of the said order, the meeting of the shareholders of the above Applicant Company will be held at Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad – 500034, on Friday the 30<sup>th</sup> day of September, 2011 at 11.30 AM, which time and place the said shareholders are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you or your authorized representative is deposited at the registered office of the Applicant Company SDE Serene Chambers, 8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7, Banjara Hills, Hyderabad – 500 034, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh, Hyderabad has appointed Ms. Ammaji Nettam, Advocate to be the Chairperson of the said meeting.

A copy of the statement under Section 393 of the Companies Act, 1956 and the Composite Scheme of Arrangement and Amalgamation and a form of proxy are enclosed.

Place : Hyderabad  
Date : 02.09.2011

Ms. Ammaji Nettam  
Advocate  
Chairperson appointed for the meeting  
Address: 41, Mehidiapatnam colony, Hyderabad - 28

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registered office at SDE Serene Chambers,  
8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7,  
Banjara Hills, Hyderabad – 500 034, Andhra Pradesh;  
Represented by its Chairman & Managing Director,  
Sri Venkata Srinivas Meenavalli

... Applicant/  
(Demerged / Transferee Company)

**STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

- 1.0 The accompanying notice has been sent for convening meeting of the shareholders of M/s. Northgate Technologies Limited for the purpose of considering and, if thought fit, approving with or without modifications, the Composite Scheme of Arrangement and Amalgamation between Northgate Technologies Limited and Northgate Com Tech Limited and Green Fire Agri Commodities Private Limited and their respective Shareholders.
- 2.0 **The circumstances which justify and / or necessitate the said Composite Scheme of Arrangement and Amalgamation, inter alia, as follows:-**
  - 2.1 That the Demerged Company is an internet technology company and is engaged in the business of online advertising aggregation and multipurpose VoIP services and owns valued global web sites such as www.bharatstudent.com, www.globe7.com, www.ziddu.com and www.axill.com.
  - 2.2 That the Demerged Company has recently forayed into the business of commodity trading by acquiring controlling stake in the Transferor Company.
  - 2.3 That the Transferor Company 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.
  - 2.4 That the proposed Scheme of segregation of the internet and commodity trading operations, inter-alia, will result in efficient and focused management on each business segment and would unlock the value for the shareholders of Demerged Company and would also result in operating and administrative efficiencies.
  - 2.5 Therefore it has been decided to demerge the Internet Business Undertaking of the Demerged Company ('Northgate') into the Resulting Company ('Northgate Com') and merge the Transferor Company ('Green

Fire’) with the Demerged Company (‘Northgate’) which will be beneficial to its shareholders as well as to its employees and creditors.

3.0 The details of financial position of the “NTL” / Demerged / Transferee Company , “NORTHGATE COM” / Resulting company and “GREEN FIRE” / the Transferor Company as per their respective audited Balance Sheets as at 31.03.2011 are as under:-

**a) “NTL” / Demerged / Transferee Company**

(In Rupees)

**SOURCES OF FUNDS**

**Shareholders’ funds**

Share Capital	491,471,008
Reserves and Surplus	2,734,893,754
	<u>3,226,364,762</u>

**Loan Funds**

Secured Loan	-
Unsecured Loan	117,786,690
	<u>3,344,151,452</u>

**APPLICATION OF FUNDS**

**Fixed assets**

Gross block	84,708,396
Less: Accumulated depreciation	(70,647,502)
Net Block	<u>14,060,894</u>

**Investments**

775,242,140

**Current Assets, Loans and Advances**

Sundry debtors	21,208,303
Cash and Bank Balances	725,631
Loans and Advances	60,458,106
	<u>82,392,040</u>

**Current Liabilities and Provisions**

Current Liabilities	4,819,198
Provisions	21,816,592
	<u>26,635,790</u>

**Net Current Assets**

55,756,250

Profit and loss account	2,499,092,168
	<u>3,344,151,452</u>

**b) “NORTHGATE COM” / Resulting company**

(In Rupees)

**SOURCES OF FUNDS**

**Shareholders’ funds**

Share Capital	500,000
Reserves and Surplus	-
	<u>500,000</u>

**APPLICATION OF FUNDS****Fixed assets**

Gross block	-
Less: Accumulated Depreciation	-
Net Block	-

**Current assets, Loans and Advances**

Sundry debtors	-
Cash and Bank Balance	470,936
Loans and Advances	-
	<u>470,936</u>

**Current Liabilities and Provisions**

Current Liabilities	-
Provisions	10,000
	<u>10,000</u>

**Net Current Assets**

Miscellaneous Expenses	460,936
	39,064
	<u><u>500,000</u></u>

**c) "GREEN FIRE" / the Transferor Company**

(In Rupees)

**SOURCES OF FUNDS****Shareholders' funds**

Share Capital	6,082,420
Share application money	51,020,590
Reserves and Surplus	3,791,641
Deferred tax liability	35,532
	<u><u>60,930,183</u></u>

**APPLICATION OF FUNDS****Fixed assets**

Gross Block	749,965
Less: Accumulated depreciation	26,279
Net block	<u>723,686</u>

**Current assets, Loans and Advances**

Inventories	2,074,740
Sundry debtors	221,810
Cash & Bank balances	34,100,302
Loans and Advances	28,264,285
	<u>64,661,137</u>

**Current Liabilities and Provisions**

Current Liabilities	2,626,207
Provisions	1,828,433
	<u>4,454,640</u>

**Net Current Assets**

Profit and loss account	60,206,497
	-
	<u><u>60,930,183</u></u>

- 4.0 A copy of the Composite Scheme of Arrangement and Amalgamation setting out the terms and conditions of the Applicant Company as approved by the Board of Directors of the company is enclosed herewith.
- 5.1 The shareholding pattern of pre and post arrangement of the Applicant Company is given below:-

**SHAREHOLDING PATTERN OF NORTHGATE TECHNOLOGIES LIMITED PRE AND POST ARRANGEMENT & AMALGAMATION**

Category code	Category of shareholder	Total number of shares of Rs. 10 each	% to the total share-holding	Total number of shares of Re. 1 each	% to the total share-holding	
		Pre-Arrangement		Post-Arrangement		
<b>A</b>	<b>Shareholding of Promoter and Promoter Group</b>					
	<b>1. Indian</b>					
	a. Individuals/Hindu Undivided Family	10,640,116	21.71%	10,640,116	11.07%	
	b. Central Government/ State Government(s)	Nil	Nil	Nil	Nil	
	c. Bodies Corporate	Nil	Nil	47,089,846	49.00%	
	d. Financial Institutions/Books	Nil	Nil	Nil	Nil	
	e. Any Other (specify)	Nil	Nil	Nil	Nil	
	Sub-Total(A)(1)	10,640,116	21.71%	57,729,962	60.07%	
	<b>2. Foreign</b>					
	a. Individuals (Non-Resident individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	
	b. Bodies Corporate	Nil	Nil	Nil	Nil	
	c. Institutions	Nil	Nil	Nil	Nil	
	d. Any Other (specify)	Nil	Nil	Nil	Nil	
	Sub-Total(A)(2)	Nil	Nil	Nil	Nil	
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	<b>10,640,116</b>	<b>21.71%</b>	<b>57,729,962</b>	<b>60.07%</b>	
	<b>B</b>	<b>Public shareholding</b>				
		<b>1. Institutions</b>				
		a. Mutual Funds/UTI	Nil	Nil	Nil	Nil
		b. Financial Institutions/Banks	Nil	Nil	Nil	Nil
		c. Central Government/ State Government(s)	Nil	Nil	Nil	Nil
d. Venture Capital Funds		Nil	Nil	Nil	Nil	
e. Insurance Companies		Nil	Nil	Nil	Nil	
f. Foreign Institutional investors		12,943,211	26.40%	12,943,211	13.47%	
g. Foreign Venture Capital investors		Nil	Nil	Nil	Nil	
h. Any Other (Specify)		Nil	Nil	Nil	Nil	
Sub-Total (B)(1)		12,943,211	26.40%	12,943,211	13.47%	
<b>2. Non-Institutions</b>						
a. Bodies Corporate		6,176,681	12.60%	6,176,681	6.43%	
b. Individuals						
i. Individual shareholders holding nominal share capital up to Rs 1 lakh		12,016,024	24.51%	12,016,024	12.50%	
ii) Individual shareholders holding nominal shares capital in excess of Rs 1 lakh		6,513,132	12.60%	6,513,132	6.43%	
c. Any Other (NRI'S)		611,426	1.25%	611,426	0.64%	
Sub-Total(B)(2)		25,317,263	51.65%	25,317,263	26.34%	
Total Public shareholding (B)=(B)(1)+(B)(2)		<b>38,260,474</b>	<b>78.05%</b>	<b>38,260,474</b>	<b>39.81%</b>	
<b>TOTAL (A)+(B)</b>		<b>48,900,590</b>	<b>99.76%</b>	<b>95,990,436</b>	<b>99.88%</b>	
<b>C</b>	<b>Shares held by Custodians and against which depository receipts have been issued</b>					
	<b>1. Promoter and Promoter Group</b>	Nil	Nil	Nil	Nil	
	<b>2. Public shareholding</b>	118,000	0.24%	118,000	0.12%	
	<b>GRAND TOTAL (A+B+C)</b>	<b>49,018,590</b>	<b>100.00%</b>	<b>96,108,436</b>	<b>100.00%</b>	

**SHAREHOLDING PATTERN OF NORTHGATE COM TECH LIMITED PRE AND POST ARRANGEMENT**

Category code	Category of shareholder	Total number of shares	% to the total shareholding	Total number of shares	% to the total shareholding	
		Pre-Arrangement		Post-Arrangement		
<b>A</b>	<b>Shareholding of Promoter and Promoter Group</b>					
	<b>1. Indian</b>					
	a. Individuals / Hindu Undivided Family	Nil	Nil	10,640,116	21.71%	
	b. Central Government / State Government(s)	Nil	Nil	Nil	Nil	
	c. Bodies Corporate	49,994	100.00%	Nil	Nil	
	d. Financial Institutions/Books	NIL	NIL	Nil	Nil	
	e. Any Other (specify)	NIL	NIL	Nil	Nil	
	Sub-Total(A)(1)	49,994	100.00%	10,640,116	21.71%	
	<b>2. Foreign</b>					
	a. Individuals(Non-Resident individuals/Foreign Individuals)	Nil	Nil	Nil	Nil	
	b. bodies Corporate	Nil	Nil	Nil	Nil	
	c. Institutions	Nil	Nil	Nil	Nil	
	d. Any Other (specify)	Nil	Nil	Nil	Nil	
	Sub-Total(A)(2)	Nil	Nil	Nil	Nil	
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	<b>49,994</b>	<b>100.00%</b>	<b>10,640,116</b>	<b>21.71%</b>	
	<b>B</b>	<b>Public shareholding</b>				
		<b>1. Institutions</b>				
a. Mutual Funds / UTI		Nil	Nil	Nil	Nil	
b. Financial Institutions / Banks		Nil	Nil	Nil	Nil	
c. Central Government / State Government(s)		Nil	Nil	Nil	Nil	
d. Venture Capital Funds		Nil	Nil	Nil	Nil	
e. Insurance Companies		Nil	Nil	Nil	Nil	
f. Foreign Institutional investors		Nil	Nil	12,943,211	26.40%	
g. Foreign Venture Capital investors		Nil	Nil	Nil	Nil	
h. Any Other (Specify)		Nil	Nil	Nil	Nil	
Sub-Total (B)(1)		-	0.00%	12,943,211	26.40%	
<b>2. Non-Institutions</b>						
a. Bodies Corporate		Nil	Nil	6,176,681	12.60%	
b. Individuals		6	0.00%	12,016,024	24.51%	
i. Individual shareholders holding nominal share capital up to Rs 1 lakh						
ii. Individual shareholders holding nominal shares capital in excess of Rs 1 lakh		Nil	Nil	6,513,132	12.60%	
c. Any Other (NRI'S)		Nil	Nil	611,426	1.25%	
Sub-Total(B)(2)	6	0.00%	25,317,263	51.65%		
Total Public shareholding (B)=(B)(1)+(B)(2)	<b>6</b>	<b>0.00%</b>	<b>38,260,474</b>	<b>78.05%</b>		
<b>TOTAL (A)+(B)</b>	<b>50,000</b>	<b>100.00%</b>	<b>48,900,590</b>	<b>99.76%</b>		
<b>C</b>	<b>Shares held by Custodians and against which depository receipts have been issued</b>					
	1. Promoter and Promoter Group	Nil	Nil	Nil	Nil	
	2. Public shareholding	Nil	Nil	118,000	0.24%	
	<b>GRAND TOTAL (A+B+C)</b>	<b>50,000</b>	<b>100.00%</b>	<b>49,018,590</b>	<b>100.00%</b>	

- 5.2 The shares held by the Directors of the “NTL” / Demerged / Transferee Company, “NORTHGATE COM ” / Resulting company, “GREEN FIRE” / the Transferor Company as on date are set out below:

SI No	Name of the Director	No. of Shares held in “NTL” / Demerged / Transferee Company	No. of Shares held in “NORTHGATE COM” / Resulting company	No. of Shares held in “GREEN FIRE” / Transferor Company
1	Mr. Venkata S. Meenavalli	32,54,586	1	-
2	Mr. P.Srinivasu	8,400	1	-
3	Mr. P. Parthasarthy	-	-	-
4	Mr. T. Naresh Kumar	52,779	-	-
5	Mr. Y.Ramesh	-	-	-
6	Mr. G. Linga Murthy	-	-	-
7	Mr. Vishal Shyam Gurnani	-	-	-

- 5.3 That none of the Directors of the Applicant Company have any material interest in the said Scheme except as shareholders in general the extent of which will appear from the Register of the Directors’ Shareholding maintained by all the Companies.
- 5.4 Copies of the following documents are open for inspection at the registered office of the Applicant Company between 11.00 A. M. to 1.00 P. M. on any working day:
- Memorandum and Articles of Association of the Applicant Company.
  - Annual Reports and Accounts of the Applicant Company for the year ended 31.03.2011.
  - Composite Scheme of Arrangement and Amalgamation** between Northgate Technologies Limited and Northgate Com Tech Limited and Green Fire Agri Commodities Private Limited and its Shareholders.
  - Registers of Directors, Directors’ Shareholding and Members of the Applicant Company.
  - Valuation Report dated 9<sup>th</sup> May, 2011 given by M/s. BDO Consulting Pvt. Ltd. and fairness opinion dated 11<sup>th</sup> May, 2011 given by M/s. Almondz Global Securities Limited.
  - Copy of the order of the Hon’ble High Court of Andhra Pradesh, Hyderabad dated 30<sup>th</sup> August, 2011.
  - Copy of “No Objection” letter obtained from National Stock Exchange of India Limited, dated 24<sup>th</sup> August, 2011.

Place : Hyderabad  
Date : 02.09.2011

Ms. Ammaji Nettam  
Advocate  
Chairperson appointed for the meeting  
Address: 41, Mehidipatnam colony, Hyderabad - 28

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION**

**BETWEEN**

**NORTHGATE TECHNOLOGIES LIMITED**

**AND**

**NORTHGATE COM TECH LIMITED**

**AND**

**GREEN FIRE AGRI COMMODITIES PRIVATE LIMITED**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

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**(A) PREAMBLE**

This Composite Scheme of Arrangement and Amalgamation ('Scheme') is presented under Sections 391 to 394 read with Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 for:

- 1 Demerger of the Internet Business Undertaking of Northgate Technologies Limited ('Northgate') into Northgate Com Tech Limited ('Northgate Com'); and
- 2 Merger of Green Fire Agri Commodities Private Limited ('Green Fire') with Northgate Technologies Limited.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

**(B) 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 valuable global properties such as www.bharatstudent.com, www.globe7.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 believes 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

**(C) PARTS OF THE SCHEME:**

This Composite Scheme of Arrangement and Amalgamation is divided into the following parts:

- (i) **PART I** deals with the definitions and share capital;
- (ii) **PART II** deals with demerger of Internet Business Undertaking of Northgate Technologies Limited into Northgate Com Tech Limited;
- (iii) **PART III** deals with the merger of Green Fire Agri Commodities Private Limited with Northgate Technologies Limited;
- (iv) **PART IV** deals with general terms and conditions applicable to this Scheme.



## PART - I DEFINITIONS AND SHARE CAPITAL

### 1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act” or “The Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force;
- 1.2 **“Appointed Date”** would mean 1<sup>st</sup> day of April 2011 or such other date as may be fixed or approved by the High Court or such other competent authority;
- 1.3 **“Court” or “High Court”** means the High Court of Judicature of Andhra Pradesh at Hyderabad and shall include the National Company Law Tribunal, if and when applicable;
- 1.4 **“Demerger Record Date”** means, in respect of demerger of the Internet Business Undertaking of Northgate into Northgate Com, the date to be fixed by the Board of Directors of Northgate for the purposes of issue and allotment of equity shares by Northgate Com to the equity shareholders of Northgate in accordance with clause 5;
- 1.5 **“Effective Date”** means the later of the dates on which the certified copies of the Orders sanctioning this Scheme, passed by the High Court, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Andhra Pradesh, at Hyderabad by Northgate, Northgate Com and Green Fire;
- 1.6 **“GDRs”** means Global Depository Receipts issued by a bank or a depository outside India representing underlying equity shares of an Indian company, pursuant to the Issue of Foreign Currency Convertible Bonds (FCCB) and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable laws;
- 1.7 **“Green Fire” or “the Transferor Company”** means Green Fire Agri Commodities Private Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at D.No.8-2-120/86/A, J R Towers, 2<sup>nd</sup> Floor, Road No. 2, Banjara Hills, Near L. V. Prasad Eye Institute, Hyderabad – 500 034, Andhra Pradesh;
- 1.8 **“Internet Business Undertaking”** means the internet business of Northgate, more specifically the web portals, internet properties such as www.bharatsstudent.com, www.globe7.com, www.ziddu.com and www.axill.com, software applications, licenses, investment in overseas subsidiaries, etc, whether held directly or through subsidiaries, on a going concern basis and shall without limitation include the following:
  - (i) All assets wherever situated, whether movable or immovable, tangible or intangible, including plant and machinery, furniture, office equipments, investments, inventories, receivables, cash and bank balance, loans and advances, appliances, accessories together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto.
  - (ii) Without prejudice to the provisions of sub-clause (i) above, the Internet Business Undertaking shall include all the debts, liabilities, duties and obligations and also include, without limitation, all properties and assets in connection with or pertaining or relatable to the Internet Business Undertaking such as licenses, copyrights, permits, quotas, approvals, registrations, lease or tenancy rights in relation to office and / or residential properties, permissions, buildings, plant and machinery, office equipments, vehicles, incentives, if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the Internet Business Undertaking and all loans, advances or deposits and/or moneys paid by Northgate in connection with or pertaining or relatable to the Internet Business Undertaking and all statutory licences, permissions, approvals or consents to carry on the operations of the Internet Business Undertaking.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Internet Business Undertaking include:

- (a) The liabilities, which arise out of the activities or operations of the Internet Business Undertaking.
  - (b) Specific loans and / or borrowings raised, incurred and / or utilized solely for the activities or operation of the Internet Business Undertaking.
  - (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Internet Business Undertaking, being the amounts of any general or multipurpose borrowings of Northgate shall be allocated to the Internet Business Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of Northgate immediately before giving effect to the demerger of Internet Business Undertaking under this Composite Scheme.
- (iii) All permanent employees employed in and / or relatable to the Internet Business Undertaking as on the Effective Date; and
  - (iv) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Internet Business Undertaking or whether it arises out of the activities or operations of the Internet Business Undertaking shall be decided by the Board of Directors of Northgate or any committee thereof.
- 1.9 **“Merger Record Date”** means, in respect of merger of Green Fire with Northgate, the date to be fixed by the Board of Directors of Green Fire for the purposes of issue and allotment of equity shares by Northgate to the equity shareholders of Green Fire (except to the extent of shares held by Northgate in Green Fire);
- 1.10 **“Northgate” or “the Demerged Company” or “the Transferee Company”** means Northgate Technologies Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at SDE Serene Chambers, 8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh;
- 1.11 **“Northgate Com” or “the Resulting Company”** means Northgate Com Tech Limited, a company incorporated under the Companies Act, 1956, and having its Registered Office at SDE Serene Chambers, 8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh;
- 1.12 **“Scheme” or “the Scheme” or “this Scheme”** means this Composite Scheme of Amalgamation and Arrangement in its present form as submitted to the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad or this Scheme with such modification(s), if any made, as per Clause 27 of the Scheme;

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

## **2. DATE OF TAKING EFFECT AND OPERATIVE DATE**

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court of Judicature of Andhra Pradesh at Hyderabad, shall be effective from the respective Appointed Date but shall be operative from the Effective Date.

### 3. SHARE CAPITAL

3.1 The authorized, issued, subscribed and paid-up share capital of Northgate as on March 31, 2011 is as under:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<u>Authorized Share Capital</u> 5,00,00,000 Equity shares of Rs. 10 each	50,00,00,000
<b>TOTAL</b>	<b>50,00,00,000</b>
<u>Issued, subscribed and paid-up Share Capital</u> 4,90,18,590 Equity shares of Rs. 10 each, fully paid up *	49,01,85,900
Add: Forfeited Share Capital	12,85,108
<b>TOTAL</b>	<b>49,14,71,008</b>

Subsequent to March 31, 2011, there has been no change in the capital structure of Northgate.

\* includes 1,18,000 equity shares represented by GDRs. These GDRs are listed on Luxembourg Stock Exchange.

3.2 The authorized, issued, subscribed and paid-up share capital of Northgate Com as on March 31, 2011 is as under:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<u>Authorized Share Capital</u> 50,000 Equity Shares of Rs. 10 each	5,00,000
<b>Total</b>	<b>5,00,000</b>
<u>Issued, Subscribed and Paid-up Share Capital</u> 50,000 Equity Shares of Rs. 10 each, fully paid up	5,00,000
<b>Total</b>	<b>5,00,000</b>

Subsequent to March 31, 2011, there has been no change in the capital structure of Northgate Com.

3.3 The authorized, issued, subscribed and paid-up share capital of Green Fire as on March 31, 2011 is as under:

<b>Share Capital</b>	<b>Amount in Rs.</b>
<u>Authorized Share Capital</u> 7,50,000 Equity Shares of Rs. 10 each	75,00,000
<b>Total</b>	<b>75,00,000</b>
<u>Issued, Subscribed and Paid-up Share Capital</u> 6,08,242 Equity Shares of Rs. 10 each, fully paid up	60,82,420
<b>Total</b>	<b>60,82,420</b>

Subsequent to March 31, 2011, there has been no change in the capital structure of Green Fire.

**PART - II**  
**DEMERGER OF INTERNET BUSINESS UNDERTAKING**  
**OF NORTHGATE TO NORTHGATE COM**

**4. VESTING OF INTERNET BUSINESS UNDERTAKING**

The Internet Business Undertaking of Northgate, as defined in Clause 1.8, shall stand demerged to and vested in or deemed to be demerged to and vested in Northgate Com, as a going concern, in accordance with Section 2(19AA) of the Income Tax Act, 1961 and in the following manner:

- 4.1 With effect from the Appointed Date, the whole of the undertaking and assets and properties of the Internet Business Undertaking, shall, under the provisions of Sections 391 - 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested in Northgate Com, so as to vest in Northgate Com all the rights, title and interest pertaining to the Internet Business Undertaking.
- 4.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Northgate relating to the Internet Business Undertaking shall, without any further act or deed be and stand transferred to Northgate Com so as to become as from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of Northgate Com and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. After the Effective Date, Northgate Com undertakes to meet, discharge and satisfy the said liabilities to the exclusion of Northgate and to keep Northgate indemnified at all times from and against all such liabilities and from and against all actions, demands and proceedings in respect thereto.
- 4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Northgate required to carry on operations in the Internet Business Undertaking shall stand vested in or transferred to Northgate Com without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Northgate Com. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to Northgate Com pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Northgate relating to the Internet Business Undertaking, are concerned, the same shall vest with and be available to Northgate Com on the same terms and conditions.
- 4.4 The transfer and vesting of Internet Business Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to Internet Business Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Internet Business Undertaking.
- 4.5 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Internet Business Undertaking of Northgate or whether it arises out of the activities or operations of Internet Business Undertaking of Northgate shall be decided by mutual agreement between the Board of Directors of Northgate and Northgate Com.

**5. ISSUE OF SHARES BY NORTHGATE COM**

- 5.1 Upon coming into effect of the Scheme and in consideration for the transfer and vesting of the Internet Business Undertaking of Northgate in Northgate Com, Northgate Com shall, without any further application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the members of Northgate whose name appears in the Register of Members of Northgate as on the Demerger Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:

“1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each of Northgate Com shall be issued and allotted for every 1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each held in Northgate.”

- 5.2 The equity shares to be issued to the members of Northgate as above shall be subject to the Memorandum and Articles of Association of Northgate Com and shall rank *pari passu* with the existing equity shares of Northgate Com in all respects including dividends.
- 5.3 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of Northgate in dematerialized form, in to the account in which Northgate shares are held or such other account as is intimated by the shareholders to Northgate and / or its Registrar before the Demerger Record Date. All those shareholders who hold shares of Northgate in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Northgate and / or its Registrar before the Demerger Record Date. Otherwise, they would be issued equity shares in physical form. The equity shares of Northgate Com allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchange(s).
- 5.4 The Board of Directors of Northgate Com shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of equity shares to the members of Northgate pursuant to clause 5.1 of the Scheme.
- 5.5 The equity shares to be issued to the members of Northgate pursuant to clause 5.1 of this Scheme will be listed and/or admitted to trading on all the Stock Exchanges on which shares of Northgate are listed on the Effective Date. Northgate Com shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. Further there shall be no change in shareholding pattern or control in Northgate Com Tech Limited between the record date and the listing.
- 5.6 The equity shares to be issued by Northgate Com to the members of Northgate pursuant to clause 5.1 of this Scheme, in respect of any shares in Northgate which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by Northgate Com.
- 5.7 Northgate Com shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of equity shares under this Scheme.
- 5.8 Approval of this Scheme by the shareholders of Northgate Com shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Northgate Com to the shareholders of Northgate, as provided in this Scheme.
- 5.9 The approval of this Scheme by the shareholders of both the companies under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 5.10 Pursuant to the provisions of Clause 5.1 above, Northgate Com shall issue to the Depository representing the holders of GDRs of Northgate, shares of Northgate Com in the ratio specified in clause 5.1 above. Subject to Clause 5.11 below, the Depository of Northgate shall hold such shares of Northgate Com on behalf of the holders of GDRs of Northgate in the ratio of one equity share of Rs. 10/- each of Northgate Com for every 1 (One) GDR of Northgate.
- 5.11 Northgate Com may, in consultation with the Depository for the GDR holders of Northgate and by entering into appropriate agreements with the said Depository or any other Depository (appointed by Northgate Com) for the issuance of GDRs, (whether listed or otherwise), instruct such Depository to issue GDRs of Northgate Com, to the holders of GDRs of Northgate.

## **6. REDUCTION OF THE EXISTING EQUITY SHARE CAPITAL OF NORTHGATE COM**

- 6.1 Upon the Scheme becoming effective and upon the issue of shares in accordance with Clause 5 above, the existing equity shares of Northgate Com held by the existing shareholders of Northgate Com as on the Effective Date shall, without any application or deed, stand cancelled without any payment.
- 6.2 The cancellation of the equity shares of Northgate Com as mentioned in Clause 6.1 above shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. Northgate Com shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

## **7. ACCOUNTING TREATMENT IN THE BOOKS OF NORTHGATE AND NORTHGATE COM**

### **7.1 IN THE BOOKS OF NORTHGATE COM**

- 7.1.1 Northgate Com shall record the assets and liabilities, pertaining to the Internet Business Undertaking, at the respective book values as appearing in the books of Northgate, as on the Appointed Date.
- 7.1.2 Northgate Com shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 5.1 of this Scheme.
- 7.1.3 Surplus, if any, arising out of the excess of Net Assets Value of the Internet Business Undertaking transferred from Northgate and recorded by Northgate Com in terms of clause 7.1.1 above, over the amount credited as share capital, shall be credited to General Reserve Account. Deficit, if any, shall be debited to Goodwill Account of Northgate Com.

Explanation:

“**Net Assets Value**” shall be computed as the book value of the assets of pertaining to the Internet Business Undertaking transferred to Northgate Com less the book value of the liabilities pertaining to the Internet Business Undertaking becoming liabilities of Northgate Com.

- 7.1.4 If considered appropriate for the purpose of application of uniform accounting methods and policies between Northgate and Northgate Com, Northgate Com may make suitable adjustments and adjust the effect thereof in the Profit & Loss Account of Northgate Com.

### **7.2 IN THE BOOKS OF NORTHGATE**

- 7.2.1 Upon the Scheme becoming effective, Northgate shall reduce the book value of assets and liabilities pertaining to the Internet Business Undertaking from its books of account.
- 7.2.2 The difference between the book value of assets and the book value of liabilities transferred of the Internet Business Undertaking, whether excess or deficit, shall be adjusted to the Securities Premium Account of Northgate.
- 7.2.3 The utilization of the Securities Premium Account of Northgate as mentioned in Clause 7.2.2 above shall be effected as an integral part of this Scheme without having to follow the process under Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provisions of Section 101 of the Act will not be applicable. Northgate shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

## **8. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION**

8.1 Upon coming into effect of the Scheme, the following clause shall stand inserted as Clause No. 1A and Clause No. 1B immediately after the Main Objects Clause No. 1 of the Memorandum of Association of Northgate Com:

Clause 1A - "To design, develop, acquire, assemble, manufacture, distribute, transmit, maintain, mortgage, transfer, purchase, sell, hire, lease, import, export and to Act as dealer, franchiser, and to provide management and marketing services in the field of data transmission, software development, e-commerce business solutions, hardware, peripherals, consumables, network computers, related Activities globally and indigenously and to run software training institutions"

Clause 1B - "To provide high-tech consulting and services on management of informatics and technology for enterprise excellence (MINT-EX) by project management, internet service provider, web applications development, corporate training, business automation analysis, internet advertisements and to set up and run electronic data processing centres and to carry on business of data/word processors, development of management information system, computerization feasibility study and to conduct or sponsor training, programs, courses, seminars for imparting or spreading the knowledge and use of computers, research and development computer programs and publishing and distributions of books, journals and course materials and to purchase, sell these products both in India and abroad."

8.2 The Memorandum of Association shall, without any further act, instrument or deed, shall stand altered, modified and amended pursuant to Sections 17 and other applicable provisions of the Act.

8.3 It is clarified that the approval of the members of Northgate Com to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum of Association of Northgate Com as may be required under the Act.

## **9. CONDUCT OF INTERNET BUSINESS TILL THE EFFECTIVE DATE**

With effect from the Appointed Date and up to and including the Effective Date:

9.1 Northgate shall be deemed to have been carrying on and shall carry on the Internet Business Undertaking and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for Northgate Com. Northgate undertakes to hold its said assets with utmost prudence until the Effective Date.

9.2 Northgate shall carry on the business and activities of the Internet Business Undertaking with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Northgate Com, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.

9.3 All the profits or income accruing or arising to Northgate or expenditure or losses arising or incurred or suffered by Northgate, in relation to the Internet Business Undertaking, shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Northgate Com.

9.4 Northgate shall not vary the terms and conditions of employment of any of the employees in relation to the Internet Business Undertaking except in the ordinary course of business or without the prior consent of Northgate Com or pursuant to any pre-existing obligation undertaken by them, as the case may be, prior to the Appointed Date.

9.5 Northgate and Northgate Com shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

## **10. EMPLOYEES**

- 10.1 On the Scheme becoming operative, all staff, workmen and employees of Northgate pertaining to the Internet Business Undertaking, who are in service as on the Effective Date shall become staff, workmen and employees of Northgate Com, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Northgate Com shall not be less favorable than those applicable to them with reference to their employment with Northgate on the Effective Date. Northgate Com agrees that the services of all such employees with Northgate, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to the Internet Business Undertaking of Northgate, shall be mutually decided by Board of Directors of Northgate and Northgate Com or committee(s) thereof.
- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees the Internet Business Undertaking of Northgate shall, with the approval of the concerned authorities, become Funds of Northgate Com, or shall be transferred to or merged with other similar funds of Northgate Com for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of Northgate in relation to such Funds shall become those of Northgate Com. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

## **11. LEGAL PROCEEDINGS**

If any suit, appeal or other proceeding of whatever nature by or against Northgate, in relation to the Internet Business Undertaking, is pending in on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Northgate Com, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Northgate as if this Scheme had not been made.

## **12. CONTRACTS, DEEDS, ETC.**

- 12.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Internet Business Undertaking of Northgate, which is subsisting as on the Effective Date, shall be in full force and effect against or in favour of Northgate Com, and may be enforced by or against Northgate Com as fully and effectually as if, instead of Northgate, Northgate Com had been a party thereto.
- 12.2 Northgate Com shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Northgate will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Northgate Com shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Northgate and to implement or carry out all formalities required on the part of Northgate to give effect to the provisions of this Scheme.

## **13. SAVING OF CONCLUDED TRANSACTIONS**

The vesting of the Internet Business Undertaking of Northgate into Northgate Com under Clause 4 above and the continuance of proceedings by or against Northgate in relation to the Internet Business Undertaking shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that Northgate Com accept and adopts all acts, deeds and things done and executed by or on behalf of Northgate Com.



**PART - III**  
**AMALGAMATION OF GREEN FIRE AGRI COMMODITIES PRIVATE LIMITED**  
**WITH NORTHGATE TECHNOLOGIES LIMITED**

**14. MERGER OF GREEN FIRE AGRI COMMODITIES PRIVATE LIMITED**

- 14.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subsequent to the demerger of the Internet Business Undertaking of Northgate into Northgate Com in accordance with Part II above, the whole of the business, assets, (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible including trademarks, intellectual property rights, copyrights etc) properties and liabilities of Green Fire shall pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act and without any further act or deed shall stand transferred to and vested in and / or be deemed to be transferred to and vested in Northgate so as to vest in Northgate all rights, title and interest pertaining to Green Fire.
- 14.2 With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Green Fire shall also, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Northgate, so as to become from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of Northgate and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 14.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents relating to and or held by Green Fire required to carry on business of Green Fire shall stand vested in or transferred to Northgate without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Northgate. The benefit of all statutory and regulatory permissions, registration or other licenses, and consents shall vest in and become available to Northgate pursuant to the Scheme. In so far as the various incentives, subsidies, special status and other benefits or privileges granted by any Government body, local authority or by any other person, or enjoyed and availed of by Green Fire are concerned, the same shall vest with and be available to Northgate on the same terms and conditions.
- 14.4 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by Green Fire after the Appointed Date, over the assets of Green Fire transferred to Northgate shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of Northgate.

**15. ISSUE OF SHARES BY NORTHGATE**

- 15.1 Pursuant to the Scheme coming into effect and upon the entire businesses and the whole of the undertaking of Green Fire being transferred to and vested in Northgate, Northgate shall issue and allot to the shareholders of Green Fire, other than Northgate, whose names appear in the Register of Members of Green Fire on the Merger Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:
- “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).”
- 15.2 In case any equity shareholder’s holding in Green Fire is such that the shareholder becomes entitled, pursuant to clauses 15.1 above, to a fraction of equity share of Northgate, Northgate shall round off the said entitlement to the nearest integer and allot equity shares accordingly.

- 15.3 The equity shares to be issued to the members of Green Fire as above shall be subject to the Memorandum and Articles of Association of Northgate and shall rank *pari passu* with the existing equity shares of Northgate in all respects including dividends.
- 15.4 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of Green Fire in dematerialized form, in to the account in which Green Fire shares are held or such other account as is intimated by the shareholders to Green Fire and / or its Registrar before the Merger Record Date. All those shareholders who hold shares of Green Fire in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with any Depository Participant are intimated in writing to Green Fire and / or its Registrar before the Merger Record Date. Otherwise, they would be issued equity shares in physical form only.
- 15.5 The Board of Directors of Northgate shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of equity shares to the members of Green Fire pursuant to clause 15.1 of the Scheme.
- 15.6 The equity shares to be issued by Northgate to the members of Green Fire pursuant to clause 15.1 of this Scheme, in respect of any shares in Green Fire which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by Northgate.
- 15.7 Northgate shall, if necessary and to the extent required, increase its authorized share capital to facilitate issue of equity shares under this Scheme.
- 15.8 Approval of this Scheme by the shareholders of Northgate shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Northgate to the shareholders of Green Fire, as provided in this Scheme.
- 15.9 The new equity shares of Northgate, issued pursuant to this Scheme shall be listed and/or admitted to trading on all the Stock Exchanges on which the shares of Northgate are listed as on the Effective Date. The new equity shares shall however be listed subject to Northgate complying with all the applicable regulations and obtaining the requisite approvals from all the relevant regulatory authorities pertaining to the listing of new equity shares.
- 15.10 The approval of this Scheme by the shareholders of both the companies under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

## 16. ACCOUNTING TREATMENT

- 16.1 On the Scheme becoming effective, Northgate shall account for the amalgamation in its books as under:
  - (a) All the assets and liabilities as on the Appointed Date, recorded in the books of Green Fire shall stand transferred to and vested in Northgate pursuant to the Scheme and shall be recorded by Northgate at their respective book values;
  - (b) Northgate shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to Clause 15.1 of this Scheme.
  - (c) The investments in the equity share capital of Green Fire as appearing in the books of accounts of Northgate, shall stand cancelled;
  - (d) Inter-company balances, if any, will stand cancelled;
  - (e) The excess / deficit, as the case maybe, of the Net Assets Value of Green Fire transferred to Northgate, after making adjustments as mentioned in sub-clauses (b), (c) and (d) above, shall be credited / debited by Northgate to the Profit & Loss Account.

Explanation:

“**Net Assets Value**” shall be computed as the book value of the assets of Green Fire transferred to Northgate less the book value of the liabilities of Green Fire becoming liabilities of Northgate.

- (f) If considered appropriate for the purpose of application of uniform accounting methods and policies between Green Fire and Northgate, Northgate may make suitable adjustments and reflect the effect thereof in the Profit & Loss Account of Northgate.

#### **17. REORGANISATION AND REDUCTION OF CAPITAL OF NORTHGATE TECHNOLOGIES LIMITED**

- 17.1 Upon the Scheme becoming effective, the face value and the paid up value per equity share (including equity shares issued pursuant to clause 15.1 of this Scheme) of Northgate shall, without any application or deed, stand reduced by Rs. 9 without any payments to the holders of such equity shares of Northgate. Consequently upon such reorganization of equity share capital of Northgate, the face value and the paid up value per share of Northgate shall be Re 1 .
- 17.2 In order to give effect to clause 17.1 above, Northgate shall adjust its equity share capital account and the said amount shall be credited to Capital Reorganization Account pursuant to which the equity share capital of Northgate as on Effective date of this Scheme shall stand reduced.
- 17.3 The balance lying to the debit of the Profit & Loss account of Northgate after giving effect to the provisions of clause 7.2 and clause 16.1 above, shall be first adjusted against the balance lying to the credit of Securities Premium Account and the balance, if any, against Capital Reorganisation Account of Northgate.
- 17.4 The reduction in the face value and the paid up value of the Equity Shares of Northgate as mentioned above and utilization of Capital Reorganisation Account and Securities Premium Account of Northgate shall be effected as an integral part of this Scheme without having to follow the process under Section 94 and Section 100 to 103 of the Act separately and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital to the shareholders and the provisions of Section 101 of the Act will not be applicable.

#### **18. CHANGE OF NAME**

With effect from the Effective Date, the name of Northgate Technologies Limited shall stand changed to “Green Fire Agri Commodities Limited” or such other name as may be approved by the concerned Registrar of Companies. Further, the name of Northgate Technologies Limited wherever it occurs in its Memorandum and Articles of Association be substituted by Green Fire Agri Commodities Limited.

#### **19. COMBINATION OF AUTHORISED CAPITAL AND CHANGE IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

- 19.1 Upon sanction of this Scheme, the authorised share capital of Northgate shall automatically stand increased without any further act, instrument or deed on the part of Northgate including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of Green Fire as on the Effective Date.
- 19.2 The capital clause of the Memorandum of Association and Article 4 of the Articles of Association of Northgate shall, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

#### **MEMORANDUM OF ASSOCIATION**

“The Authorized Share Capital of the Company is Rs.56,00,00,000/- (Rupees Fifty Six Crores) divided into 56,00,00,000 (Fifty Six Crores) equity shares of Re. 1/- (Rupee One) each and with the rights privileges and conditions attached thereto with power to vary, modify or abrogate of such rights, privileges, and conditions as may be provided in the Regulations of the Company for the time being. The Company has power to increase and reduce the Capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified and special rights, privileges and conditions as may be determined by or in accordance with the Regulations of the Company or vary modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Regulations of the Company.”

## **ARTICLES OF ASSOCIATION**

The Authorized Share Capital of the Company is such sum and divided in to such number of shares of Re. 1/- each as may be specified in Clause V of the Memorandum of Association of the Company capable of being increased or decreased, sub divided, consolidated in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf.

19.3 Upon coming into effect of the Scheme, the following clause shall stand inserted as Clause No. 1A and Clause No. 1B immediately after the Main Objects Clause No. 1 of the Memorandum of Association of Northgate:

Clause 1A - "To carry on the business of and become a member of Multi Commodity Exchanges and engage in trading and clearing activities including all kinds of contracts subject to the rules, regulations and bye-laws of commodity exchanges as prescribed and amended from time to time by the Forward Contract (Regulation) Act, (FCRA), 1952."

Clause 1B - "To carry on the business and to engage in all kinds of derivative contracts and options contracts and comply with the rules relating to delivery of goods and payment of price and participate in ready delivery and forward contracts, specific delivery contracts, future contracts subject to the laws in force as applicable to commodity exchanges established in India."

19.4 The Memorandum of Association and Articles of Association of Northgate (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 17, 31, 94 and 394 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of Green Fire shall be utilized and applied to the increased authorized share capital of Northgate and no payment of any extra stamp duty and/or fee shall be payable by Northgate for increase in the authorised share capital to that extent.

19.5 It is clarified that the approval of the members of Northgate to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of Northgate as may be required under the Act.

## **20. CONDUCT OF BUSINESS TILL THE EFFECTIVE DATE**

With effect from the Appointed Date and up to and including the Effective Date:

- 20.1 Green Fire shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for Northgate. Green Fire undertakes to hold its said assets with utmost prudence until the Effective Date.
- 20.2 Green Fire shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of Northgate, alienate charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.
- 20.3 All the profits or income accruing or arising to Green Fire or expenditure or losses arising or incurred or suffered by Green Fire shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Northgate.
- 20.4 Green Fire shall not vary the terms and conditions of employment of any of the employees of Green Fire except in the ordinary course of business or without the prior consent of Northgate or pursuant to any pre-existing obligation undertaken by them, as the case may be, prior to the Appointed Date.
- 20.5 Green Fire and Northgate shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

## **21. EMPLOYEES**

21.1 On the Scheme becoming operative, all staff, workmen and employees of Green Fire, who are in service as on the Effective Date shall become staff, workmen and employees of Northgate, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Northgate shall not be less favorable than those applicable to them with reference to their employment with Green Fire on the Effective Date. Northgate agrees that the services of all such employees with Green Fire, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date. Any question that may arise as to whether any staff, workman or employee belongs to or does not belong to Green Fire, shall be mutually decided by Board of Directors of Green Fire and Northgate or committee(s) thereof.

21.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of Green Fire shall, with the approval of the concerned authorities, become Funds of Northgate, or shall be transferred to or merged with other similar funds of Northgate for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of Green Fire in relation to such Funds shall become those of Northgate. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

## **22. LEGAL PROCEEDINGS**

If any suit, appeal or other proceeding of whatever nature by or against Green Fire is pending on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against Northgate, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Green Fire as if this Scheme had not been made.

## **23. CONTRACTS, DEEDS, ETC.**

23.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to Green Fire, which is subsisting as on the Effective Date, shall be in full force and effect against or in favour of Northgate, and may be enforced by or against Northgate as fully and effectually as if, instead of Green Fire, Northgate had been a party thereto.

23.2 Northgate and Green Fire shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations in order to give formal effect to the provisions of this Scheme. Northgate shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Green Fire and to implement or carry out all formalities required on the part of Green Fire to give effect to the provisions of this Scheme.

## **24. SAVING OF CONCLUDED TRANSACTIONS**

The merger of Green Fire into Northgate under Clause 14 above and the continuance of proceedings by or against Green Fire shall not affect any transaction or proceedings already concluded on or after the Appointed Date till the Effective Date, to the end and intent that Northgate accept and adopts all acts, deeds and things done and executed by or on behalf of Northgate.

## **25. WINDING UP OF GREEN FIRE**

On the amalgamation Scheme becoming effective, Green Fire shall stand dissolved automatically without being wound up.

**PART IV**  
**GENERAL TERMS AND CONDITIONS**

**26. APPLICATION TO HIGH COURT**

Northgate, Northgate Com and Green Fire shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 read with Sections 100 to 103 of the Act and other applicable provisions of the Act to the High Court for seeking approval of the Scheme.

**27. MODIFICATION OR AMENDMENTS TO THE SCHEME**

Northgate, Northgate Com and Green Fire by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Court and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). Northgate, Northgate Com and Green Fire by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

**28. CONDITIONALITY OF THE SCHEME**

This Scheme is and shall be conditional upon and subject to:

- 28.1 The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 28.2 The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of Northgate, Northgate Com and Green Fire as may be directed by the High Court.
- 28.3 The sanction of the High Court under Sections 391 to 394 read with Sections 100 to 103 of the said Act in favour of Northgate, Northgate Com and Green Fire under the said provisions and to the necessary Order under Section 394 of the said Act being obtained;
- 28.4 Certified or authenticated copy of the Order of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Andhra Pradesh at Hyderabad by Northgate, Northgate Com and Green Fire as may be applicable.
- 28.5 Each Section of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each part in each Section is independent of each Section and is severable. The Scheme shall be effective upon sanction of the High Court of Judicature of Andhra Pradesh at Hyderabad. However, failure of any one part of one Section for lack of necessary approval from the shareholders / creditors / statutory regulatory authorities or for any other reason that the Board of Directors may deem fit than this shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such part(s) of the Scheme and implement the rest of the Scheme with such modification.

**29. EFFECT OF NON-RECEIPT OF APPROVALS**

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/or the Scheme not being sanctioned by the High Court or such other competent authority and / or the Order not being passed as aforesaid before October 31, 2012 or within such further period or periods as may be agreed upon between Northgate, Northgate Com and Green Fire by their respective Board of Directors (and which the Board of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

**30. COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of Northgate, Northgate Com and Green Fire arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the respective companies.

IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH:  
AT HYDERABAD  
(ORIGINAL JURISDICTION)

COMPANY APPLICATION No. 1103 OF 2011

In the matter of Companies Act, 1956 (1 of 1956)  
and  
In the matter of Section 391 and 394 read with Section 100 to 103 of the said Act  
and  
In the matter of M/s. Northgate Technologies Limited  
and  
In the matter of M/s. Northgate Com Tech Limited  
and  
In the matter of M/s. Green Fire Agri Commodities Private Limited  
And  
Their Respective Shareholders

M/s. Northgate Technologies Limited  
a company incorporated under the  
Companies Act, 1956 having its  
registered office at SDE Serene Chambers,  
8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7,  
Banjara Hills, Hyderabad – 500 034, Andhra Pradesh;  
Represented by its Chairman & Managing Director,  
Sri Venkata Srinivas Meenavalli

... Applicant/  
(Demerged / Transferee Company)

**FORM OF PROXY**

I/we, the undersigned shareholder/s of the above company hereby appoint Mr. / Mrs. ....  
..... as my / our proxy, to act for me/our at the meeting of the shareholders  
to be held at Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad – 500034, on Friday the  
30<sup>th</sup> day of September, 2011 at 11.30 AM, for the purpose of considering and if thought fit, approving with or without  
modification(s), the Composite Scheme of Arrangement and Amalgamation between Northgate Technologies Limited and  
Northgate Com Tech Limited and Green Fire Agri Commodities Private Limited and its Shareholders and at such meeting  
and any adjournment thereof, to vote, for me/us and in my / our name .....  
.....(herein if for insert “for”, if against, insert “against”) the said Composite Scheme of Arrangement and  
Amalgamation of either with or without modification(s) as my/our proxy may approve.

Date this .....day of September, 2011.

Signature :

Name :

Address :

No. of shares held :

Folio ID No. :

D P. ID No. :

(Strike whichever is not applicable).

**M/s. NORTHGATE TECHNOLOGIES LIMITED**

Registered office at SDE Serene Chambers, 8-2-334, 1<sup>st</sup> Floor, South Eastern Wing, Road No. 7,  
Banjara Hills, Hyderabad – 500 034, Andhra Pradesh

**ATTENDANCE SLIP**

Name and address of the Member: .....

Registered Folio ID No. .... No. of Shares held .....

DP. ID No.....

I/we certify that I/we am/are registered shareholder/proxy for the registered shareholder of the company. I/we hereby record my/our presence at the meeting of the shareholders of the company to be held at Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad – 500034, on Friday the 30<sup>th</sup> day of September, 2011 at 11.30 AM

\_\_\_\_\_  
Member's / Proxy's Name (in block letters)

\_\_\_\_\_  
Member's / Proxy's Signature