

FOR THE ATTENTION OF THE COMPANY'S SHAREHOLDERS

The Hon'ble Andhra Pradesh High Court, vide its Order Number 222 of 2012 dated 28th March 2012 has sanctioned the Composite Scheme of Arrangement and Amalgamation between Northgate Technologies Limited ('NTL' or 'the Company') and Northgate Com Tech Limited ('NCTL') and Green Fire Agri Commodities Private Limited ('Green Fire') and their respective shareholders ('the Scheme') under Sections 391-394 read with Sections 100-103 of the Companies Act, 1956, for demerger of the Internet Business Undertaking of the Company into NCTL and merger of Green Fire with the Company, with effect from April 1, 2011 (being the Appointed Date). The said Scheme became effective upon filing of the order of the High Court with the Registrar of Companies, Andhra Pradesh at Hyderabad on 21st May 2012.

The shareholders of the Company whose name appears on the Register of Members as on 13th July 2012, being the Record Date, would be entitled to receive equity shares of NCTL, pursuant to the Scheme.

Pursuant to the Scheme, every equity shareholder of the Company will receive 1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each of NCTL for every 1 (One) fully paid Equity Share of Rs. 10 (Rupees Ten) each held in the Company as on the Record Date.

This communication is to inform the shareholders of the Company, the income tax implications of the allotment of equity shares by NCTL in the hands of the shareholders and the method of calculation and apportionment of Cost of Acquisition of shares of NTL between NTL and NCTL as per the provisions of the Income Tax Act, 1961 ('IT Act').

As per Section 47(vii) of the IT Act, the allotment of equity shares by NCTL to the shareholders of the Company towards discharge of consideration for demerger would not be regarded as a transfer in the hands of the shareholders of the Company. Therefore, there would not be any income tax implications in the hands of the shareholders of the Company on receipt of shares of NCTL.

As per Explanation 1(i)(g) to Section 2(42A) of the IT Act, for the purpose of determining the period of holding of shares in NCTL in the hands of the shareholders of the Company, the period for which such shareholders held shares in the Company shall also be taken into account.

As per Section 49(2C) of the IT Act, the cost of acquisition of shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger. Further, as per Section 49(2D), the cost of acquisition of the original shares held by the

shareholder in the demerged company shall be deemed to have been reduced by the amount as so derived at under Section 49(2C).

Accordingly, for the purpose of determining the post demerger Cost of Acquisition of equity shares in the Company under the IT Act, the shareholders are advised to apportion their pre-demerger cost of acquisition of Company's shares in the following manner:

Name of the Company	% of cost of acquisition of NTL's shares
Northgate Technologies Limited	14.58 %
Northgate Com Tech Limited	85.42%
Total	100.00%

The communication is for the benefit of the Shareholders and the Company takes no express or implied liability in providing this guidance.