

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Philosophy of Northgate Technologies Limited on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations and in its interaction with its stakeholders including the members, shareholders, employees, the Government and other regulatory authorities. Northgate is committed to achieving the highest standards of corporate governance. Northgate believes that all its operations and actions must serve the underlying goal of enhancing the overall shareholders value, on a continuous basis.

2. BOARD OF DIRECTORS

The Board of directors of the company has an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors. The company has an Executive Chairman and more than 50% of the Board consisting of independent and Non-Executive Directors.

(a) Composition and Category of Board of Directors

<u>Category</u>	<u>No. of Director</u>	<u>% of Total Board</u>
Promoter, Executive and Non-Independent Director	02	40%
Non-Executive and Independent Director	03	60%
Total	05	100%

(b) Attendance of each Director at the Board Meetings held during year 2008-09 and at the Last Annual General Meeting

The Board of Directors met nine times during the year 2008-09 on April 22, 2008; May 30, 2008; July 02, 2008; July 30, 2008; September 01, 2008; October 30, 2008; January 30, 2009; February 28, 2009 and March 05, 2009.

<u>Name and Designation of the Director</u>	<u>No. of Board Meetings Attended during the year</u>	<u>Attendance at last AGM the year (Yes/No)</u>
Mr. Venkat S. Meenavalli, Chairman and Managing Director	09	Yes
Mr. K. Bhaskara Reddy Executive Director	09	Yes
Mr. P. Parthasarathi Independent Director	08	Yes
Mr. T. Naresh Kumar Independent Director	08	Yes
Mr. Y. Ramesh* Additional Director	02	N.A.
Mr. Y. Suresh Kumar Reddy@ Independent Director	04	Yes

* Appointed as Director with effect from February 28, 2009.

@ Resigned as Director with effect from January 30, 2009.

(c) **Number of other Boards or Board Committees in which Directors are member or Chairperson.**

<u>Name of the Director</u>	<u>Board[@]</u>		<u>Committee</u>	
	<u>Chairman</u>	<u>Director</u>	<u>Chairman</u>	<u>Member</u>
Mr. Venkat S. Meenavalli	Nil	02	Nil	Nil
Mr. K. Bhaskara Reddy	Nil	02	Nil	Nil
Mr. P. Parthasarathi	Nil	02	Nil	Nil
Mr. T. Naresh Kumar	01	01	Nil	Nil
Mr. Y. Suresh Kumar Reddy	Nil	Nil	Nil	Nil
Mr. Yogesh Patel	Nil	Nil	Nil	Nil
Mr. V. Sree Hari Rao	Nil	Nil	Nil	Nil

[@] Directorships in Foreign Companies are excluded

3. Audit Committee

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement. The Audit Committee consists of Independent Directors and provides assistance to the Board of Directors in fulfilling its overall responsibilities. The Company Secretary of the Company act as Secretary of the Committee.

(a) Brief description of terms of reference;

The terms of reference of the Audit Committee is in conformity with the provisions of Clause 49 of the Listing Agreement which inter alia, including the following:

- Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the adequacy of internal audit functions.
- Reviewing the quarterly and annual financial statements before submission to the Board.
- Reviewing the adequacy of internal control and their compliance thereof.
- Reviewing the company's financial and risk management policies.

(b) Composition, name of members and Chairperson

During the year Mr. Y. Suresh Kumar Reddy, member of Audit Committee resigned and the Committee was therefore reconstituted. The Composition of the Audit Committee is as follows:

1. Mr. P. Parthasarathi	Chairman
2. Mr. T. Naresh Kumar	Member
3. Mr. Y. Ramesh	Member

(c) Meetings and attendance during the year

During the FY'09, the Audit Committee met 4 times on May 30, 2008; July 30, 2008; October 30, 2008 and January 30, 2009. Mr. P. Parthasarathi, Chairman of the Committee attended the last Annual General Meeting and addressed the queries of shareholders.

<u>Name of the Director</u>	<u>Meetings attended</u>
Mr. P. Parthasarathi	4
Mr. T. Naresh Kumar	4
Mr. Y. Suresh Kumar Reddy	4

4. Compensation / Remuneration Committee

(a) Brief description of terms of reference;

The terms of reference of the Compensation Committee, *inter alia* include determination of compensation package of Executive Directors and Senior Management of the Company and to frame policies and procedures for Employee Stock Option plans approved by the members of the company.

(b) Composition, name of members and Chairperson:

During the year Mr. Y. Suresh Kumar Reddy, member of Compensation Committee resigned and the Committee was therefore reconstituted. The Composition of Remuneration Committee are as follows:

Mr. P. Parthasarathi	Chairman
Mr. Y. Ramesh	Member
Mr. T. Naresh Kumar	Member

(c) Meetings and Attendance during the year

During the FY'09, the Compensation Committee met 4 times on September 01, 2008; September 15, 2008; October 18, 2008 and November 26, 2008.

<u>Name of the Director</u>	<u>Meetings attended</u>
Mr. Y. Suresh Kumar Reddy	04
Mr. P. Parthasarathi	04
Mr. T. Naresh Kumar	04

(d) Remuneration policy

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive/ Non executive Directors. Their remuneration is determined in accordance with the experience and nature of responsibilities as well as industry standards. The same is subject to the approval of the Remuneration Committee of the Board of Directors and the members.

(e) Details of Remuneration to Directors

The Non-Executive Directors has not been paid any remuneration except sitting fees for attending the Board Meetings. The details of remuneration paid to the Whole time Directors including the Managing Director are as follows:

<u>Name of Director</u>	<u>Relationship with other directors</u>	<u>Salary (Rs.)</u>
Mr. Vankat S Meenavalli, Chairman and Managing Director	Nil	2,297,500
Mr. K. Bhaskara Reddy, Executive Director	Nil	2,150,000
Total		4,447,500

5. Shareholders / Investor Grievance Committee:

Investors' Grievance Committee focuses on shareholders' grievances and strengthening of investor relations. The functions of the committee include the redressal of shareholders/investor complaints/grievances pertaining to transfers/transmissions of shares, dividend, and dematerialization of shares, replacement of lost/stolen/mutilated share certificates and other related issues. There are no complaints pending as on the date of this report. The Committee comprised of Mr. Venkat S. Meenavalli, Chairman and Mr. K. Bhaskara Reddy, Mr. Y.Ramesh, as Members.

The details of investor's complaints received and resolved during the FY'09 is as under.

<u>No. of Investor's Complaints received during the financial year 2009</u>	<u>No. of Investor's Complaints resolved during the financial year 2009</u>	<u>Investor Complaints pending at the end of 2009</u>
11	11	Nil

6. General Body Meeting

(a) Details of date, time and venue of the last three Annual General Meetings of the Company

<u>Financial year ended</u>	<u>Date</u>	<u>Venue</u>	<u>Time</u>	<u>No. of Special Resolutions</u>
March 31, 2008	30.09.2008	Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad	11.00 A.M	Six
March 31, 2007	01.08.2007	Hotel Taj Deccan, Road No.1, Banjara Hills, Hyderabad	11.00 A.M	Six
March 31, 2006	29.09.2006	Hotel Taj Residency, Road No.1, Banjara Hills, Hyderabad	11.30 A.M	Nine

(b) Details date, time and venue of the last Extraordinary General Meetings of the Company

<u>Date</u>	<u>Venue</u>	<u>Time</u>	<u>No. of Resolutions</u>
11.05.2009	Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad	11.30 A.M	One

(c) Details of Special Resolutions passed at the last Annual General Meeting of the Company:

At the Annual General Meeting held on September 30, 2008, Special Resolutions were passed for (a) enabling resolution for raising of funds by issue of FCCB/ADR/GDRs/QIP route, (b) Alteration of Articles of Association, (c) increasing the borrowing limits of Board of Directors and (d) Revision of terms and conditions of appointment of Managing Director and Executive Director.

- (d) No special resolution has been passed by the Company in the last year through postal ballot. As on date, the company does not have any proposal to pass any special resolution by way of postal ballot.

7. Disclosures

- (a) The summary of the materially significant relating party transactions is given in the Notes to the Accounts appearing in this Annual Report. However, none of the related party transactions have potential conflict with the interests of the Company at large, as all the transactions were entered into on an arms-length basis.
- (b) The Company has complied with all the requirements of the Listing Agreement of the Stock exchanges as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years. There were no non-compliances by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to Capital Market during the last three financial years.
- (c) The Company has complied with the requirements relating to Corporate Governance as mandated by Listing Agreements with the Stock Exchanges and also with the non-mandatory requirements as Remuneration Committee, Disclosures, Communication and General Information to the shareholders..

8. Means of Communication

Information relating to the company and its performance are posted on the company's website www.northgatetech.com.

The quarterly un-audited/ audited financial results of the company are generally published in two financial news papers (Financial Express and Andhra Prabha) in English and a vernacular newspaper.

The company has a dedicated help desk with email ID investorcare@northgatetech.com, in the Secretarial Department for providing necessary information to the investors.

9. General Shareholders Information

(a) Annual General Meeting

Date : 30th September, 2009
 Time : 11.00 a.m
 Venue : Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad-34

(b) Financial Year : 1 April to 31 March

(c) Date of Book Closure : Form September 28, 2009 to September 30, 2009 (inclusive of both days)

(d) Listing on Stock Exchange : The National Stock Exchange of India Limited
 Exchange Plaza, Bandra Kurla Complex
 Bandra (E), Mumbai-400 051

(e) Stock Code : NORTHGATE

(f) Market price date: High / Low during the each month in the financial year 2008-09 and performance in comparison to broad based indices, NIFTY and Sensex (BSE) etc.,

Month & Year	NSE				BSE			
	(in Rs. per share)		NIFTY		(in Rs. per share)		Sensex	
	High	Low	High	Low	High	Low	High	Low
April 2008	485.00	370.05	4800.75	4628.75	470.00	334.00	17,480.74	15,297.96
May 2008	449.65	375.00	5298.85	4801.90	457.65	365.05	17,735.70	16,196.02
June 2008	409.70	341.05	4908.80	4021.70	400.00	338.25	16,632.72	13,405.54
July 2008	361.00	278.15	4539.45	3790.20	355.00	271.00	15,130.09	12,514.02
August 2008	309.90	255.00	4615.90	4201.85	314.00	268.25	15,579.78	14,002.43
September 2008.	292.00	178.00	4522.40	3715.05	313.15	172.35	15,107.01	12,153.55
October 2008	188.00	66.35	4000.50	2252.75	189.50	65.05	13,203.86	7,697.39
November 2008.	82.00	49.20	3240.55	2502.90	80.25	50.60	10,945.41	8,316.39
December 2008	74.10	48.00	3110.45	2570.70	74.55	47.30	10,188.54	8,467.43
January 2009	71.70	38.05	3147.20	2661.65	72.65	38.25	10,469.72	8,631.60
February 2009	47.45	35.25	2969.75	2709.30	47.95	35.55	9,724.87	8,619.22
March 2009	36.40	27.10	3123.35	2539.45	37.95	27.60	10,127.09	8,047.17

(g) Registrar and Transfer Agent

M/s. CIL Securities Ltd
 214, Raghava Ratna Towers, Chirag Ali Lane,
 Hyderabad-500 001.
 Phone: 91-40 2320 2465, 2320 3155 Fax: 91-40 2320 3028
 Email: cilsec@hotmail.com

(e) Share Transfer System

Share transfers are registered and returned within a period of fifteen days from the date of receipt, if the documents are in order in all respects.

(f) Distribution of shareholding

<u>Category</u>	<u>Number of Members</u>	<u>(%) of Total Members</u>	<u>Number of Equity Shares</u>	<u>(%) of Total Shareholding</u>
0-5000.	6151	97.08	1,535,774	4.39
5001-10000	65	1.03	481,512	1.37
10001-20000	40	0.63	579,081	1.65
20001-30000	17	0.26	418,695	1.20
30001-40000	09	0.14	325,978	0.93
40001-50000	03	0.05	133,222	0.38
50001-100000.	15	0.24	1,068,640	3.05
100001-above.	36	0.57	30,475,688	87.03
Total	6336	100	35,018,590	100

(g) Dematerialization of shares and Liquidity

As on 31st March 2009, 99.37% of the paid up equity capital of the Company has been dematerialized and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialization.

ISIN : INE217G01019

(h) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

As on March 31, 2009 14,30,000 Global Depository Receipts representing 7,15,000 equity shares of nominal value of Rs. 10 each are outstanding. The Global Depository Receipts were listed on Luxembourg Stock Exchange.

Depository for GDRs : Citibank N.A. New York

ISIN No: : US6664432050

(i) Address for correspondence

Shaik Gouse
Company Secretary and Compliance Officer
Northgate Technologies Limited
Laxmi Cyber City, Block B, 3rd Floor,
Kondapur, Hyderabad 500 084.
Phone: 91-40 6653 4444
Fax: 91-40-6653 4455
Email: investorcare@northgatetech.com
Website: www.northgatetech.com

10. Code of Conduct

The Board has laid down a Code of Conduct for all Board members and Senior Management of the company. The code of conduct is available on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. The Chief Executive Officer (CEO) has signed a declaration to this effect, which is enclosed at the end of this report.

11. Management Discussion and Analysis

Management Discussion and Analysis is enclosed to this report.

Declaration by CMD of the Company on Code of Conduct

I hereby declare that:

1. Code of conduct for the Board Members and senior management of the Company was approved by the Board of Directors in the Board Meeting held on November 30, 2005 and the same was adopted by the Company.
2. Code of conduct adopted by the Company was circulated to the members of the Board and senior management of the Company and also posted in the website of the Company.
3. All the members of the Board and senior management of the company have complied with all the provisions of the code of conduct.

Place : Hyderabad
Date : May 15, 2009

for Northgate Technologies Limited
Venkat S. Meenavalli
Chairman and Managing Director

Certificate on Corporate Governance to the Members of Northgate Technologies Limited

We have examined the compliance of Corporate Governance by Northgate Technologies Limited (“the Company”), for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Hyderabad
Date : September 01, 2009

S. Sarweswara Reddy
Practicing Company Secretary
C.P.No: 7478