

India Globalization Capital, Inc.  
Form 10-K  
July 14, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

- ␣ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934.  
For the fiscal year ended March 31, 2009
- o Transition report under Section 13 or 15(d) of the Exchange Act.

Commission file number 000-1326205

INDIA GLOBALIZATION CAPITAL, INC.  
(Name of small business issuer in its charter)

Maryland  
(State or other jurisdiction of incorporation or  
organization)

20-2760393  
(I.R.S. Employer Identification No.)

4336 Montgomery Ave. Bethesda, Maryland 20814  
(Address of principal executive offices)

(301) 983-0998  
(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Name of exchange on which registered
Units, each consisting of one share of Common Stock and two Warrants	NYSE Alternext
Common Stock	NYSE Alternext
Common Stock Purchase Warrants	NYSE Alternext

Securities registered under Section 12(g) of the Exchange Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes o No ␣

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant : (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$30,395,717

As of May 31, 2009 there were 10,091,171 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

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PART I

Item 1. Business

Background of India Globalization Capital, Inc.  
(IGC)

IGC, a Maryland corporation, was organized on April 29, 2005 as a blank check company formed for the purpose of acquiring one or more businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, we completed an initial public offering. On February 19, 2007, we incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius. On March 7, 2008, we consummated the acquisition of 63% of the equity of Sricon Infrastructure Private Limited (Sricon) and 77% of the equity of Techni Bharathi Limited (TBL). The shares of the two Indian companies, Sricon and TBL, are held by IGC-M. On February 19, 2009 IGC-M beneficially purchased 100% of IGC Mining and Trading, Limited (IGC-IMT based in Chennai, India). IGC-IMT was formed on December 16, 2008 as a privately held start-up company engaged in the business of mining and trading. Its current activity is to operate a shipping hub and export iron ore to China. India Globalization Capital, Inc. (the Registrant, the Company, or we) and its subsidiaries are significantly engaged in one segment, infrastructure construction.

IGC's organizational structure is as follows:

Most of the shares of Sricon and TBL acquired by IGC were purchased directly from the companies. IGC purchased a portion of the shares from the existing owners of the companies. The founders and management of Sricon own 37% of Sricon and the founders and management of TBL own 23% of TBL.

The acquisitions were accounted for under the purchase method of accounting. Under this method of accounting, for accounting and financial purposes, IGC-M, Limited was treated as the acquiring entity and Sricon and TBL as the acquired entities. The financial statements provided here and going forward are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and their subsidiaries. However, historical description of our business for periods and dates prior to March 7, 2008 include information on Sricon and TBL.

Unless the context requires otherwise, all references in this report to the "Company", "IGC", "we", "our", and "us" refer to India Globalization Capital, Inc, together with its wholly owned subsidiary IGC-M, and its direct and indirect subsidiaries (Sricon, TBL and IGC-IMT).

Our Securities

We have three securities listed on the NYSE Alternext: (1) common stock, \$.0001 par value (ticker symbol: IGC), (2) redeemable warrants to purchase common stock (ticker symbol: IGC.WS) and (3) units consisting of one share of common stock and two redeemable warrants to purchase common stock (ticker symbol: IGC.U). On March 8, 2006, we sold 11,304,500 units in our initial public offering. These 11,304,500 units include 9,830,000 units sold to the public and the over-allotment option of 1,474,500 units exercised by the underwriters of the public offering. The units may be separated into common stock and warrants. Each warrant entitles the holder to purchase one share of common stock at an exercise price of \$5.00. The warrants expire on March 3, 2011, or earlier upon redemption. The registration statement for initial public offering was declared effective on March 2, 2006. The warrants are exercisable and may be exercised by contacting the Company or the transfer agent Continental Stock Transfer & Trust Company. We have a right to call the warrants, provided the common stock has traded at a closing price of at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the

date on which notice of redemption is given. If we call the warrants, the holder will either have to redeem the warrants by purchasing the common stock from us for \$5.00 or the warrants will expire.

On March 7, 2008, we bought and redeemed a total of 6,159,346 shares. As a result, of the redemption and the subsequent issuance of an aggregate of 210,000 shares of common stock in private placements, including the issuance to Red Chip Companies described below, on December 31, 2008, we had 8,780,107 shares outstanding (including shares sold to our founders in a private placement prior to the public offering) and 24,874,000 shares of common stock were reserved for issuance upon exercise of redeemable warrants and underwriters' purchase option.

On January 9, 2009 we completed an exchange of 11,943,878 public and private warrants for 1,311,064 new shares of common stock. Following the issuance of the shares relating to the warrant exercise, we have 10,091,971 shares of common stock outstanding and warrants to purchase 11,855,122 shares of common stock outstanding. For details relating to the warrant exercise, see our December 31, 2008 10Q and the Warrant Tender Offer section of this annual report.

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### Overview

Sricon Infrastructure Private Limited (“Sricon”) was incorporated as a private limited company on March 3, 1997 in Nagpur, India. Sricon is an engineering and construction company that is engaged in three business areas: 1) civil construction of highways and other heavy construction, 2) mining and quarrying and 3) the construction and maintenance of high temperature cement and steel plants. Sricon’s present and past clients include various Indian government organizations. It has the prior experience to bid on contracts that are priced at a maximum of about \$116 million. As indicated in previous press releases and quarterly reports, in October 2008 lack of available credit drove Sricon to curtail much of its construction activity, as it was unable to provide Bank Guarantees for construction contracts, and to focus on long term recurring contracts such as maintenance of high temperature cement factories. This led to a sharp decline in overall revenue. Sricon took several steps to curtail its expenses including lay offs. Sricon also turned its attention to pursuing claims against the contracting agencies for delays it had suffered on some of its contracts. Due to arbitration requirements in our contract agreements, we expect our claims to be resolved in arbitration. Sricon claims losses from having to maintain equipment and personnel during the delay period, as well as opportunity costs. There can be no assurance that Sricon will be successful in its claims. While the cost associated with delays is accounted in the relevant period, any revenue from claims is not accounted until and unless they are paid.

Techni Bharathi Limited (“TBL”) was incorporated as a public (but not listed on the stock market) limited company on June 19, 1982 in Cochin, India. TBL is an engineering and construction company engaged in the execution of civil construction and structural engineering projects. TBL has a focus in the Indian states of Andhra Pradesh, Karnataka, Assam and Tamil Nadu. Its present and past clients include various Indian government organizations. The overall lack of liquidity led TBL to curtail its construction contracts and cut its costs through layoffs. TBL is re-focused on smaller construction contracts and the settlement of claims.

IGC-M, through its subsidiaries in India, is also involved in the building of rock quarries and the export of iron ore. IGC-M operates a shipping hub in the Krishnapatnam port on the west coast of India. We aggregate ore from smaller mines before shipping to China. We are also engaged in the production of rock aggregate. Rock aggregate is used in the construction of roads, railways, dams, and other infrastructure development. We are in the process of developing several quarries through partnerships with landowners.

### Core Business Areas

Our core business areas include the following:

#### Highway and heavy construction:

The Indian government has articulated a plan to build and modernize Indian infrastructure. The government’s plan, calls for spending over \$475 billion over the next five years for the expansion and construction of rural roads, major highways, airports, seaports, freight corridors, railroads and townships.

#### Mining and Quarrying

As Indian infrastructure modernizes, the demand for raw materials like stone aggregate, coal, ore and similar resources is projected to increase. In 2006, according to the Freedonia Group, India was the fourth largest stone aggregate market in the world with demand of up to 1.1 billion metric tons. We are in the process of teaming with landowners to build out rock quarries; in addition we have licenses for the installation and production of rock aggregate quarries. Our mining and trading activity centers on the export of Iron ore to China. India is the fourth largest producer of ore.

### Construction and maintenance of high temperature plants

We have an expertise in the civil engineering, construction and maintenance of high temperature plants. This requires specialized skills to build and maintain high temperature chimneys and kilns.

### Customers

Over the past 10 years, Sricon has qualified in all states in India and has worked in several, including Maharashtra, Gujarat, Orissa and Madhya Pradesh. The National Highway Authority of India (NHAI) awards interstate highway contracts on a national level, while intra-state contracts are awarded by state agencies. The National Thermal Power Corporation (NTPC) awards contracts for civil work associated with power plants. The National Coal Limited (NCL) awards large mining contracts. Our customers include, or have included, NHAI, NTPC, and various state public works departments. Sricon is registered across India and is qualified to bid on contracts anywhere in India. For the export of iron ore from India, we are developing customers in China.

### Contract bidding process

In order to create transparency, the Indian government has centralized the contract awarding process for building inter-state roads. The new process is as follows: At the “federal” level, as an example, NHAI publishes a Statement of Work for an interstate highway construction project. The Statement of Work has a detailed description of the work to be performed as well as the completion time frame. The bidder prepares two proposals in response to the Statement of Work. The first proposal demonstrates technical capabilities, prior work experience, specialized machinery, and manpower required, and other criteria required to complete the project. The second proposal includes a financial bid. NHAI evaluates the technical bids and short lists technically qualified companies. Next, the short list of technically qualified companies are invited to place a detailed financial bid and show adequate financial strength in terms of revenue, net worth, credit lines, and balance sheets. Typically, the lowest bid wins the contract. Also, contract bidders must demonstrate an adequate level of capital reserves such as the following: 1) An earnest money deposit between 2% to 10% of project costs, 2) performance guarantee of between 5% and 10%, 3) adequate working capital and 4) additional capital for plant and machinery. Bidding qualifications for larger NHAI projects are set by NHAI which are imposed on each contractor. As the contractor executes larger highway projects, the ceiling is increased by NHAI.

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### Our Growth Strategy and Business Model

Our business model for the construction business is simple. We bid on construction, over burden removal at mining sites and or maintenance contracts. Successful bids increase our backlog of orders, which favorably impacts our revenues and margins. The contracting process typically takes approximately six months. Over the years, we have been successful in winning one out of every seven bids on average. We currently have one bid team. In the next year we will focus on the following: 1) build out between two and five rock quarries, begin production and obtain long term contracts for the sale of rock aggregate, 2) leverage our shipping hub, develop a second shipping hub, obtain long term contracts for the delivery and sale of iron ore, 3) execute and expand recurring contracts for infrastructure build out, 4) aggressively pursue the collection of accounts receivables and delay claims.

### Competition

We operate in an industry that is fairly competitive. However, there is a large gap in the supply of well qualified and financed contractors and the demand for contractors. Large domestic and international firms compete for jumbo contracts over \$250 million in size, while locally based contractors vie for contracts less than \$5 million. The recent capital markets crisis has made it more difficult for smaller companies to mature into mid-sized companies, as their access to capital has been restrained. Therefore, we would like to be positioned in the \$5 million to \$50 million contract range, above locally based contractors and below the large firms, creating a distinct technical and financial advantage in this market niche. Rock aggregate is supplied to the industry through small crushing units, which supply low quality material. Frequently, high quality aggregate is unavailable, or is transported over large distances. We fill this gap by providing high quality material in large quantities. We compete on price, quantity and quality. Iron ore is produced in India and exported to China. While this is a fairly established business, we compete by aggregating ore from smaller suppliers who do not have access to customers in China. Further, at our second shipping hub we expect to install a crusher that can grind ore pebbles into dust, again providing a value added service to the smaller mine owners.

### Seasonality

The construction industry (road building) typically experiences recurring and natural seasonal patterns throughout India. The North East Monsoons, historically, arrive on June 1, followed by the South West Monsoons, which usually lasts intermittently until September. Historically, the monsoon months are slower than the other months because of the rains. Activity such as engineering, maintenance of high temperature plants, and export of iron ore are less susceptible to the rains. The reduced paced in construction activity has historically been used to bid and win contracts. The contract bidding activity is typically very high during the monsoon season in preparation for work activity when the rains abate. During the monsoon season the rock quarries operate to build up and distribute reserves to the various construction sites.

### Employees and Consultants

As of March 31, 2009, we employed a work force of approximately 400 employees and contract workers worldwide. Employees are typically skilled workers including executives, welders, drivers, and other specialized experts. Contract workers require less specialized skills. We make diligent efforts to comply with all employment and labor regulations, including immigration laws in the many jurisdictions in which we operate. In order to attract and retain skilled employees, we have implemented a performance based incentive program, offered career development programs, improved working conditions, and provided United States work assignments, technology training, and other fringe benefits. We are hoping that our efforts will make our companies more attractive. While we have not done so yet, we are exploring adopting best practices for creating and providing vastly improved labor camps for our labor force. We are hoping that our efforts will make our companies “employers of choice” and best of breed. As of March



31, 2009 our Executive Chairman and Chief Executive Officer is Ram Mukunda and our Chairman is Ranga Krishna. Our Managing Director for Construction is Ravindra Lal Srivastava, our Managing Director for Materials, Mining and Trading is P. M. Shivaraman. Our Treasurer and Principal Accounting officer is John Selvaraj. Our General Manager of Accounting based in India is Santhosh Kumar. We also utilize the services of several consultants who provide USGAAP systems expertise and SOX expertise, among others.

#### Environmental Regulations

India has very strict environmental, occupational, health and safety regulations. In most instances, the contracting agency regulates and enforces all regulatory requirements. We internally monitor and manage regulatory issues on a continuous basis, and we believe that we are in compliance in all material respects with the regulatory requirements of the jurisdictions in which we operate. Furthermore, we do not believe that compliance will have a material adverse effect on our business activities.

#### Information and timely reporting

Our operations are located in India where the accepted accounting standards is Indian GAAP, which in many cases, is not congruent to USGAAP. Indian accounting standards are evolving towards adopting IFRS (International Financial Reporting Standards). We annually conduct PCAOB (USGAAP) audits for the company. We acknowledge that this process is at times cumbersome and places significant restraints on our existing staff. We believe we are still 12 to 18 months away from having processes and adequately trained personal in place to meet the reporting timetables set out by the U.S. reporting requirements. Until then we expect to file for extensions to meet the reporting timetables. We will make available on our website, [www.indiaglobalcap.com](http://www.indiaglobalcap.com), our annual reports, quarterly reports, proxy statements as well as up to- date investor presentations. Our SEC filings are also available at [www.sec.gov](http://www.sec.gov).

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Item 1A. Risk Factors

THE FOLLOWING RISK FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING THE COMPANY, ITS BUSINESS, CONDITION AND PROSPECTS (FINANCIAL AND OTHERWISE). THESE RISK FACTORS ARE NOT NECESSARILY EXHAUSTIVE AND ADDITIONAL RISK FACTORS, IF ANY, MAY BE MATERIAL OR HAVE SIGNIFICANCE TO AN INDIVIDUAL INVESTOR. MANY INVESTMENT OPPORTUNITIES INVOLVE RISK FACTORS OR A RISK OF LOSS AND THE EXISTENCE OF THE NORMAL AND CERTAIN EXTRAORDINARY RISKS.

Any downgrading of India's debt rating by an international rating agency, or an increase in interest rates in India, could have a negative impact on our ability to borrow in India.

As we scale our operations we may increase the amount of money we borrow for working capital and leasing of equipment. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies as well as an increase in Indian interest rates may adversely impact our ability to finance growth through debt and could lead to a tightening of our margins, adversely affecting our operating income.

A change in government policy, a down turn in the Indian economy or a natural disaster could adversely affect our business, financial condition, results of operations and future prospects.

Our construction business is dependent on the government of India as well as the state governments for contracts. Their operations and financial results may be affected by changes in the government's policy towards building infrastructure. In addition, the slow down in the Indian economy has caused the government to slow down the pace of infrastructure building, which if unchanged could adversely affect our future performance. We foresee no immediate changes to government policy or market conditions that would adversely affect our ability to conduct business other than limited access to credit.

Political, economic, social and other factors in India may adversely affect business.

Our ability to grow our business may be adversely affected by political, economic, social and religious factors, changes in Indian law or regulations and the status of India's relations with other countries. In addition, the economy of India may differ favorably or unfavorably from the U.S. economy in such respects as the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. According to the World Factbook published by the United States Central Intelligence Agency, the Indian government has exercised and continues to exercise significant influence over many aspects of the economy, and privatization of government-owned industries proceeds at a slow pace. Accordingly, Indian government actions in the future could have a significant effect on the Indian economy, which could have a material adverse affect on our ability to achieve our business objective.

Since mid-1991, the Indian government has committed itself to implementing an economic structural reform program with the objective of liberalizing India's exchange and trade policies, reducing the fiscal deficit, controlling inflation, promoting a sound monetary policy, reforming the financial sector, and placing greater reliance on market mechanisms to direct economic activity. A significant component of the program is the promotion of foreign investment in key areas of the economy and the further development of, and the relaxation of restrictions in, the private sector. These policies have been coupled with the express intention to redirect the government's central planning function away from the allocation of resources and toward the issuance of indicative guidelines. While the government's policies have resulted in improved economic performance, there can be no assurance that the economic improvement will be sustained. Moreover, there can be no assurance that these economic reforms will persist, and that any newly elected government will continue the program of economic liberalization of previous governments. Any

change may adversely affect Indian laws and policies with respect to foreign investment and currency exchange. Such changes in economic policies could negatively affect the general business and economic conditions in India, which could in turn adversely affect our business.

Terrorist attacks and other acts of violence or war within India or involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence could have the direct effect of destroying our plant and property causing a loss and interruption of business. According to the World Factbook, religious and border disputes persist in India and remain pressing problems. For example, India has from time to time experienced civil unrest and hostilities with neighboring countries such as Pakistan. The longstanding dispute with Pakistan over the border Indian state of Jammu and Kashmir, a majority of whose population is Muslim, remains unresolved. If the Indian government is unable to control the violence and disruption associated with these tensions, the results could destabilize the economy and, consequently, adversely affect our business.

Since early 2003, there have also been military hostilities and civil unrest in Afghanistan, Iraq more recently Pakistan and other Asian countries. These events could adversely influence the Indian economy and, as a result, negatively affect our business.

While we may have insurance to cover some of these risks and can file claims against the contracting agencies, there can be no guarantee that we will be able to collect in a timely manner. Further, India has a fairly active insurgency and a fairly active communist following. Any uprising from these groups can delay our roadwork and disrupt our business. Terrorist attacks, insurgencies or the threat of violence could slow down road building activity and the materials business adversely affecting our business.

Exchange controls that exist in India may limit our ability to utilize our cash flow effectively following a business combination.

We are subject to India's rules and regulations on currency conversion. In India, the Foreign Exchange Management Act or FEMA, regulates the conversion of the Indian rupee into foreign currencies. However, comprehensive amendments have been made to FEMA to support the economic liberalization. Companies are now permitted to operate in India without any special restrictions, effectively placing them on par with wholly Indian owned companies. In addition, foreign exchange controls have been substantially relaxed. Notwithstanding these changes, the Indian foreign exchange market is not yet fully developed and we cannot assure you that the Indian authorities will not revert back to regulating companies and imposing new restrictions on the convertibility of the Indian rupee. Any future restrictions on currency exchanges may limit our ability to use our cash flow for the distribution of dividends to our stockholders or to fund operations we may have outside of India.

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Changes in the exchange rate of the Indian rupee may negatively impact our revenues and expenses.

Our operations are primarily located in India and we receive payment in Indian rupees. As the results of operations are reported in US dollars, to the extent that there is a decrease in the exchange rate of Indian rupees into US dollars, such a decrease could have a material impact on our operating results or financial condition.

Returns on investment in Indian companies may be decreased by withholding and other taxes.

Our investments in India will incur tax risk unique to investment in India and in developing economies in general. Income that might otherwise not be subject to withholding of local income tax under normal international conventions may be subject to withholding of Indian income tax. Under treaties with India and under local Indian income tax law, income is generally sourced in India and subject to Indian tax if paid from India. This is true whether or not the services or the earning of the income would normally be considered as from sources outside India in other contexts. Additionally, proof of payment of withholding taxes may be required as part of the remittance procedure. Any withholding taxes paid by us on income from our investments in India may or may not be creditable on our income tax returns.

We intend to avail ourselves of income tax treaties with India and minimize any Indian withholding tax or local taxes. However, there is no assurance that the Indian tax authorities will always recognize such treaties and its applications. We have also created a foreign subsidiary in Mauritius, in order to limit the potential tax exposure.

The cost of obtaining bank financing may reduce our income.

TBL and, to a lesser extent, Sricon, have restructured some of their bank debt and may, in the future, face higher interest rates or will require higher collateral with the banks. This increases the cost of money for the construction business and could decrease our margins. IGC expects to provide collateral support for two to three years, by which time we expect the credit worthiness of the construction business to increase to adequate levels. Further, collateral that has been provided to the banks consists mostly of real estate, which has fallen in value, thus reducing our ability to borrow.

Availability of raw materials at competitive prices.

Construction contracts are primarily dependent on adequate and timely supply of raw materials, such as cement, steel and aggregates, at competitive prices. As the demand from competing larger and well-established firms increases for procuring raw materials, we could face an increase in the price of raw materials that may negatively impact profitability.

Some of our business is dependent on contracts awarded by the Government and its agencies.

The construction business is dependent on central and state budget allocations to the infrastructure sector. We derive the bulk of our construction revenue from contracts awarded by the central and state governments of India and their agencies. If there are delays in the payment of invoices by the government, our working capital requirements could increase.

Compliance with the Foreign Corrupt Practices Act could adversely impact our competitive position. Failure to comply could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States public companies from engaging in bribery or other prohibited payments to foreign officials to obtain or retain business.

While we will take precautions to educate the employees of our subsidiaries of the Foreign Corrupt Practices Act, there can be no assurance that we or the employees or agents of our subsidiaries will not engage in such conduct, for which we might be held responsible. We could suffer penalties that may have a material adverse effect on our business, financial condition and results of operations.

We may issue shares of our capital stock, including through convertible debt securities, which would reduce the equity interest of our stockholders and likely cause a change in control of our ownership.

Our certificate of incorporation authorizes the issuance of up to 75,000,000 shares of common stock, par value \$.0001 per share and 1,000,000 shares of preferred stock, par value \$.0001 per share. There are currently approximately 50,000,000 authorized but unissued shares of our common stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of our outstanding warrants and the purchase option granted to Ferris, Baker Watts, Inc. and shares authorized for issuance under our 2008 Omnibus Incentive Plan) and all of the 1,000,000 shares of preferred stock available for issuance. We have recently issued 200,000 shares of our common stock in connection with a private placement of debt securities and may engage in similar private placements in the future. The issuance of additional shares of our common stock including upon conversion of any debt securities:

- may significantly reduce the equity interest of our existing shareholders; and
- may adversely affect prevailing market prices for our common stock, warrants or units.

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We may issue notes or other debt securities, which may adversely affect our leverage and financial condition.

During 2008, we sold \$2,000,000 in a private placement of debt securities and may engage in similar private placements in the future. The incurrence of this debt:

- may lead to default and foreclosure on our assets if our operating revenues are insufficient to pay our debt obligations;
- may cause an acceleration of our obligations to repay the debt even if we make all principal and interest payments when due if we breach the covenants contained in the terms of the debt documents;
- may create an obligation to immediately repay all principal and accrued interest, if any, upon demand to the extent any debt securities are payable on demand; and
- may hinder our ability to obtain additional financing, if necessary, to the extent any debt securities contain covenants restricting our ability to obtain additional financing while such security is outstanding, or to the extent our existing leverage discourages other potential investors.

Additional capital maybe costly or difficult to obtain.

Additional capital, whether through the offering of equity or debt securities, may not be available on reasonable terms or at all, especially in light of the recent downturn in the economy and dislocations in the credit and capital markets. If we are unable to obtain required additional capital, we may have to curtail our growth plans or cut back on existing business and, further, we may not be able to continue operating if we do not generate sufficient revenues from operations needed to stay in business. We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition.

If we are unable to repay the loan from Sricon, they may have difficulty competing for future large contracts.

We believe that Sricon will ultimately require the amounts they loaned us in order to expand their operations and the scope of contracts on which they can bid. If we are unable to repay the loans made to us by Sricon on time, they may be required to find alternative sources of funding for such expansion, and the costs and timing of obtaining such funding may make it more difficult for these companies to expand the scope of contracts for which they can compete. To the extent Sricon obtains additional funding, or we are unable to repay the loans, it may result in the issuance of additional shares of capital stock or our tender to Sricon of a portion of the shares we acquired from them, resulting in the dilution of our interest in Sricon.

Leveled penalties for time overruns may adversely affect our economic performance.

Sricon and TBL execute construction contracts primarily in the roads and infrastructure development sectors. Sricon and TBL typically enter into high value contracts for these activities, which impose penalties if contracts are not executed in a timely manner. If Sricon and TBL are unable to meet the performance criteria as prescribed by respective contracts, then levied penalties may adversely affect our financial performance.

Our business is dependent on continuing relationships with clients and strategic partners.

Our business is dependent on developing and maintaining strategic alliances with contractors that undertake turnkey contracts for infrastructure development projects as well as government organizations. The business and our results could be adversely affected if we are unable to maintain continuing relationships and pre-qualified status with key clients and strategic partners.

Our business model relies heavily on our management team and any unexpected loss of key officers may adversely affect our operations

The continued success of our business is largely dependent on the continued services of key employees. The loss of the services of certain key personnel, without adequate replacement, could have an adverse effect on our performance. Our senior management as well as the senior management of our subsidiaries have played a significant role in developing and executing the overall business plan, maintaining client relationships, proprietary processes and technology. While no one is irreplaceable, the loss of the services of any would be disruptive to our business. In order to mitigate this risk factor we are recruiting professional managers and expanding the executive ranks as well as pursuing succession-planning initiatives, but there can be no guarantees that these mitigation efforts will be successful.

Quarterly financial results will vary.

Factors that may contribute to the variability of quarterly revenue, operating results or profitability include:

- Fluctuations in revenue due to seasonality: For example, during the monsoon season, the heavy rains slow down road building and construction work. This results in uneven revenue and operating results through the quarters. In general the months between June and September are the rainy seasons and these tend to be slower quarters than the others.
- Our revenue recognition policy records contract revenue for those stages of a project that we complete, after we receive certification from the client that such stage has been successfully completed. Since revenue is not recognized until we receive a certification from our clients, revenue recognition can be uneven.

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Our subsidiaries may become involved in litigation in the future.

Our subsidiaries are fairly large companies and may have to initiate actions in the Indian Courts to enforce their rights and may also be drawn into legal litigation. The expenses of litigation and any judgments against us could have a material adverse effect on us.

We face competition in the Indian infrastructure industry.

The Indian real estate and infrastructure industries are increasingly attracting foreign capital. We currently have competition from international as well as domestic companies that operate at the national level. Smaller localized contractors and companies are also competing in their respective regions. If we are unable to offer competitive prices and obtain contracts, there could be a significant reduction in our revenue.

Our operations are sensitive to weather conditions.

Our business activities in India could be materially and adversely affected by severe weather conditions. Severe weather conditions may require us to evacuate personnel or curtail services and may result in damage to a portion of our fleet of equipment or to our facilities, resulting in the suspension of operations, and may further prevent us from delivering materials to project sites in accordance with contract schedules or generally reduce our productivity. Difficult working conditions and extremely high temperatures also adversely affect our operations during summer months and during monsoon season, which restrict our ability to carry on construction activities and fully utilize our resources.

The revenue recorded in the first half of our fiscal year between June through September is traditionally lower than revenue recorded during the second half of our fiscal year due to the weather conditions. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, reducing profitability.

We incur costs as a result of operating as a public company. Our management is required to devote substantial time to new compliance initiatives. Because we report in India in IGAAP and in the US in USGAAP, we may experience untimely close of our books and records and delays in the preparation of financial statements and related disclosures.

As part of a public company with substantial operations, we are experiencing an increase in legal, accounting and other expenses. In addition the Sarbanes-Oxley Act of 2002 (the "SOX" act), as well as new rules subsequently implemented by the SEC and the NYSE Alternext, have imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. We have not evaluated or tested internal controls over financial reporting at Sricon and TBL. We expect to carry out the evaluations and take install systems and processes as required. However, we cannot be certain as to the timing of completion of the evaluation testing and remediation actions or the impact of the same on our operations.

The audit report provided by Yoganandh and Ram (Y&R) will require a review by a US firm.

The SEC requires that the 2009 audit, conducted by Y&R, be reviewed by another PCAOB registered firm. If the review identifies changes to the audit, we will be required to amend our annual report as filed on Form 10-K. The requirement of the review is expected to increase our legal, accounting and other expenses.

The Company has warrants outstanding, which could dilute the number of shares outstanding.



At the time the warrants are exercised, the company will get the exercise price, unless the exercise is cashless. In either case, such an exercise will also increase the number of shares outstanding. This may adversely affect the share price as the supply of shares eligible for sale in the public market will increase. The increased number of shares offered for sale in the public market may exceed the public demand to buy shares at a given market price resulting in the market price adjusting downward to equalize supply and demand.

If the benefits of our acquisition of TBL and Sricon do not meet the expectations of financial or industry analysts, the market price of our common stock may decline.

The market price of our common stock may decline if:

- we do not achieve the perceived benefits of our acquisition of TBL and Sricon as rapidly as, or to the extent anticipated by, financial or industry analysts; or
- the effect of our acquisition of TBL and Sricon on our financial statements is not consistent with the expectations of financial or industry analysts.

Accordingly, investors may experience a loss as a result of a decreasing stock price.

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Although we are required to use our best efforts to have an effective registration statement covering the issuance of the shares underlying the public warrants at the time that our warrant holders exercise their public warrants, we cannot guarantee that a registration statement will be effective, in which case our warrant holders may not be able to exercise our public warrants and such warrants may expire worthless.

Holders of our public warrants will be able to exercise the warrants only if a current registration statement under the Securities Act of 1933 relating to the shares of our common stock underlying the warrants is then effective. Although we have undertaken in the warrant agreement, and therefore have a contractual obligation, to use our best efforts to maintain a current registration statement covering the shares underlying the public warrants to the extent required by federal securities laws, and we intend to comply with such undertaking, with such a registration statement currently effective, we cannot assure you that we will be able to do so. In no event shall we be liable for, or any registered holder of any warrant be entitled to receive, (a) physical settlement in securities unless the conditions and requirements set forth in the warrant agreement have been satisfied or (b) any net-cash settlement or other consideration in lieu of physical settlement in securities. The value of the public warrants may be greatly reduced if a registration statement covering the shares issuable upon the exercise of the warrants is not kept current. Such warrants may expire worthless.

Because the warrants sold in the private placements were originally issued pursuant to an exemption from registration requirements under the federal securities laws, the holders of the warrants sold in the private placement will be able to exercise their warrants even if, at the time of exercise, a prospectus relating to the common stock issuable upon exercise of such warrants is not current. As a result, the holders of the warrants purchased in the private placements will not have any restrictions with respect to the exercise of their warrants. As described above, the holders of the public warrants will not be able to exercise them unless we have a current registration statement covering the shares issuable upon their exercise.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that equity research analysts publish about our business and us. We do not control these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about our business or us.

We do not currently intend to pay dividends, which may limit the return on your investment in us.

We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future.

### Item 1B. Unresolved Staff Comments

None

### Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 4336 Montgomery Avenue, Bethesda, Maryland, 20814. Sricon's headquarters are located at Pragati Layout, Rajeev Nagar, Nagpur 440025, India. TBL's headquarters are located at 34/136 A Edappally Bypass Road, Cochin 682024, Kerala, India. In addition, we have offices in Mauritius, Delhi, Bombay and Bangalore, India. We have temporary facilities at each of our work centers in the states of Maharashtra, Gujarat, Andhra Pradesh and

Assam.

The Company is not involved in investments in (i) real estate or interests in real estate, (ii) real estate mortgages, and (iii) securities of or interests in persons primarily engaged in real estate activities, as all of its land rights are used for production purposes.

### Item 3. Legal Proceedings

TBL has a loan for USD 713,710 due to Dhanlaxmi Bank, India. This loan is overdue. However, TBL has filed a suit against the bank in the DRT (Debt Restructuring Tribunal, India) as there is a dispute. The bank has offered to settle the dispute for approximately USD 540,594, to be paid in installments. The loan is collateralized by properties pledged by the original Promoters of TBL. As the collateral belongs to the Promoters of TBL, both TBL and the TBL Promoters are undergoing discussions to determine the circumstances under which the bank will be repaid.

### Item 4. Submission of Matters to a Vote of Security Holders

None

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## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company commenced its initial public offering on March 8, 2006. In the initial public offering, the Company offered units for purchase. A unit in the Company is comprised of one share of common stock of the Company and two warrants to purchase one share of common stock. On April 13, 2006, there was a voluntary separation of the Company's units into shares of common stock and warrants to purchase common stock which permitted separate trading of the common stock and warrants. The common stock, units and warrants trade on the NYSE Alternext under the symbols "IGC," "IGC.U," and "IGC.WS," respectively. The following table sets forth the high and low sales prices of the units for the fiscal year, as reported on the NYSE Alternext.

The following table shows, for the last eight fiscal quarters, the high and low closing prices per share of the Common Stock, Warrants and Units as quoted on the NYSE Alternext:

Quarter Ended	Common Stock		Warrants		Units	
	High	Low	High	Low	High	Low
June 30, 2007	\$ 5.77	\$ 5.57	\$ 0.79	\$ 0.59	\$ 7.32	\$ 6.85
September 30, 2007	\$ 5.85	\$ 5.64	\$ 0.63	\$ 0.36	\$ 7.10	\$ 6.40
December 31, 2007	\$ 5.94	\$ 5.69	\$ 0.59	\$ 0.34	\$ 6.90	\$ 6.35
March 31, 2008	\$ 5.90	\$ 3.60	\$ 0.73	\$ 0.25	\$ 7.45	\$ 4.15
June 30, 2008	\$ 5.90	\$ 3.81	\$ 1.30	\$ 0.58	\$ 8.80	\$ 5.28
September 30, 2008	\$ 4.99	\$ 4.50	\$ 1.00	\$ 0.55	\$ 6.86	\$ 5.65
December 31, 2008	\$ 4.78	\$ .70	\$ .53	\$ .01	\$ 5.75	\$ .01
March 31, 2009	\$ 1.10	\$ .33	\$ .13	\$ .02	\$ 1.07	\$ .40
June 30, 2009	\$ 1.25	\$ 1.12	\$ .06	\$ .06	\$ 1.80	\$ 1.02

## Holders

Continental Stock Transfer & Trust Company is the transfer agent and registrar for our common stock. As of March 31, 2009, we had 1,019 holders of record of our common stock, 187 holders of record of our units and 1,076 holders of record of our warrants. The last sale price as reported by the NYSE Alternext on March 31, 2009, was \$0.60 for units, \$ 0.40 for shares and \$ 0.03 for warrants. The Company has never paid a cash dividend on its common stock and does not anticipate the payment of cash dividends in the foreseeable future.

## Unregistered Sales of Equity Securities

On March 7, 2008 Messrs. Mukunda and Krishna entered into an agreement with third parties to transfer on September 8, 2008 pursuant to the terms of certain Share Redistribution Agreements an aggregate of 1,368,031 shares of the Company's common stock. Specifically, Mr. Mukunda agreed to transfer 1,131,581 shares and Dr. Krishna agreed to transfer 236,450 shares. The purpose of the agreements were to induce such third parties to acquire shares of the Company's common stock and to cause such shares to be voted in favor of the Company's acquisition.

On September 30, 2008, IGC consummated a private placement of unsecured notes in the total principal amount of \$2,000,000 and issued 200,000 shares of common stock to the investor as additional consideration for the purchase of the notes. These transactions were exempt from registration under the Securities Act in reliance upon the exemption from the registration requirements provided in Section 4(2) of the Securities Act, which exempts private issuances of securities in which the securities are not offered or advertised to the general public. No underwriting discounts or

commissions were paid with respect to such sales.

#### Warrant Tender Offer

In an effort to raise additional capital and reduce the number of warrants outstanding, on November 24, 2008, we announced to the holders of all 22,609,000 outstanding, publicly traded warrants and of 1,190,000 warrants issued by the Company in private placements the opportunity to acquire shares of common stock. We modified the terms of the Warrants to (1) permit, instead of paying the purchase price of \$5.00 in cash, the exchange of 5 Warrants and \$0.55 for one share of Common Stock and (2) permit the exercise of a Warrant such that the Holder will receive one share of Common Stock in exchange for every 12 Warrants surrendered. The Warrant holders could use one or both methods in exercising the warrants for Common Stock. The offer was initially planned to commence on Monday, November 24, 2008 and expire on December 23, 2008 as further described in our initial Tender Offer Statement dated November 24, 2008 and filed with the SEC on that date.

On January 6, 2009, we extended the expiration date of the tender offer to January 9, 2009. Under the tender offer, 11,943,878 warrants (50% of the warrants outstanding) were exercised, of which 2,706,350 warrants were exercised by exchanging 5 warrants and \$0.55 for one share of common stock and 9,237,528 warrants were exercised by surrendering 12 warrants for one share of common stock. The offer resulted in the Company raising a total of \$297,698.50 in cash proceeds and issuing a total of 1,311,064 new shares of common stock.

Following the issuance of the shares relating to the warrant exercise, we have 10,091,971 shares of common stock outstanding. The remaining 11,855,122 warrants outstanding after the tender offer will expire in accordance with their terms on March 3, 2011.

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## Issuer Purchases of Equity Securities

During the fourth quarter of our fiscal year ended March 31, 2009, the Company made no purchases of its equity securities other than pursuant to the tender offer described above:

## ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs**	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (January 1, 2009-January 31, 2009)	0	N/A	N/A	N/A
Month #2 (February 1, 2009-February 29, 2009)	0	N/A	N/A	N/A
Month #3 (March 1, 2009-March 31, 2009)	0	N/A	N/A	N/A
Total	0	N/A	N/A	N/A

## Dividends

IGC has not paid any cash dividends on its common stock to date. It is the present intention of the board of directors to retain all earnings, if any, for use in the business operations, and consequently, the board does not anticipate declaring any dividends in the foreseeable future. The payment of any dividends will be with the discretion of the board of directors and will be contingent upon our financial condition, results of operations, capital requirements and other factors our board deems relevant.

## Item 6. Selected Financial Data

IGC and all its subsidiaries have fiscal years that end at March 31.

IGC's historical information is derived from its audited financial statements for the period from its inception (April 29, 2005) to March 31, 2006, for the fiscal years ended March 31, 2007, 2008 and 2009. The information is only a summary and should be read in conjunction with IGC's historical financial statements and related notes and IGC's respective Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. The historical results included below and elsewhere herein are not indicative of the future financial performance of IGC.

India Globalization Capital, Inc.  
Selected Summary Statement of Income Data

	Year Ended	Year Ended	Year Ended	29-Apr-05 To March 31, 2006
Selected Statement of Operations Data:	31-Mar-09	31-Mar-08	31-Mar-07	

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Revenue	\$ 35,338,725	\$ 2,188,018	\$	\$
Other Income-Interest, net	-	471,698	3,171,818	210,584
Net Income (loss)	(521,576)	(5,215,270)	1,517,997	(443,840)
Per Share Data				
Earnings per share – basic	\$ (0.05)	\$ (0.61)	\$ 0.11	\$ (0.14)
Earnings per share - diluted	\$ (0.05)	\$ (0.61)		
Weighted Average Shares				
Basic	10,091,171	8,570,107	13,974,500	3,191,000
Diluted	10,091,171	8,570,107		

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India Globalization Capital, Inc.  
Selected Summary Balance Sheet Data

	31-Mar-09	31-Mar-08	31-Mar-07
<b>ASSETS</b>			
Investments held in trust fund	\$ -	\$ -	\$ 66,104,275
Total Current Assets	19,498,584	32,896,447	70,385,373
Total Assets	51,832,513	67,626,973	70,686,764
<b>LIABILITIES</b>			
Current Liabilities	9,446,345	17,384,059	5,000,280
Total Liabilities	13,974,638	26,755,261	5,000,280
Common stock subject to possible conversion			12,762,785
Total stockholders' equity	\$ 23,595,269	\$ 27,326,056	\$ 52,923,699

The following table sets forth certain selected financial data of Sricon. The selected financial data presented below was derived from Sricon's audited consolidated financial statements for the period April 1, 2007 through March 7, 2008 and for the three year period ended March 31, 2007, and from Sricon's unaudited consolidated financial statements for the year ended March 31, 2004. The information is only a summary and should be read in conjunction IGC's historical financial statements and related notes and our Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. Additional information regarding Sricon's historical performance can be found in the Company's Annual Report on Form 10-KSB for the year ended March 31, 2008. The historical results included below and elsewhere herein are not indicative of the future financial performance of IGC, Sricon and TBL.

Sricon Infrastructure (Predecessor)  
Selected Summary Statement of Income Data

Amounts in Thousands Except Per Share Data	Year Ended 7-Mar-08	Year Ended 31-Mar-07	Year Ended 31-Mar-06
Revenue	\$ 22,614	\$ 10,604	\$ 11,011
Income Before Tax	3,144	778	668
Income Taxes	(768)	(368)	(186)
Net Income (loss)	2,376	410	482
<b>Per Share Data</b>			
Earnings per share – basic	\$ 0.81	\$ 0.14	\$ 0.16
Earnings per share - diluted	\$ 0.78		
<b>Weighted Average Shares</b>			
Basic	2,932,159	2,932,159	2,932,159
Diluted	3,058,881		

Amounts in Thousands Except Per Share Data	Year Ended 31-Mar-05	Unaudited Year Ended 31-Mar-04
Revenue	\$ 11,477	\$ 15,298



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Income Before Tax	907	646
Income Taxes	(363)	(199)
Net Income (loss)	544	446
Per Share Data		
Earnings per share – basic	\$ 0.19	\$ 0.11
Earnings per share - diluted		
Weighted Average Shares		
Basic	2,932,159	183,259
Diluted		

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Sricon Infrastructure Private Limited (Predecessor)  
Selected Summary Balance Sheet Data

(Amounts in Thousand US Dollars)	March 7, 2008	March 31, 2007	March 31, 2006
<b>ASSETS</b>			
Accounts receivables	\$ 7,764	\$ 2,751	\$ 2,083
Unbilled receivables	4,527	2,866	2,980
Inventories	447	71	248
Property and equipment, net	5,327	4,903	4,347
BOT Project under progress *	3,485	3,080	1,584
<b>LIABILITIES</b>			
Short-term borrowings and current portion of long-term debt	5,732	3,646	3,868
Due to related parties	1,322	2,264	1,604
Long-term debt, net of current portion	1,264	2,182	1,855
Other liabilities	1,519	1,913	697
Total stockholders' equity	\$ 9,673	\$ 4,289	\$ 3,740

(Amounts in Thousand US Dollars)	March 31, 2005	Unaudited 31-Mar-04
<b>ASSETS</b>		
Accounts receivables	\$ 2,128	\$ 2,223
Unbilled receivables	974	984
Inventories	154	71
Property and equipment, net	3,424	3,098
BOT Project under progress *	0	0
<b>LIABILITIES</b>		
Short-term borrowings and current portion of long-term debt	5,103	359
Due to related parties	1,724	1,553
Long-term debt, net of current portion	1,278	1,089
Other liabilities	1,307	1,267
Total stockholders' equity	\$ 2,760	\$ 2,822

\*BOT Project under progress means Build, Operate, and Transfer. BOT is listed as Accounts Receivable – Long term in the Consolidated Financial Statements for IGC. See the Summary of Significant Accounting Policies for a detailed explanation of BOT projects.

The following table sets forth certain selected financial data of Techni Bharathi Limited. The selected financial data presented below was derived from Techni Bharathi Limited audited consolidated financial statements for the period April 1, 2007 through March 7, 2008 and for the three year period ended March 31, 2007, and from TBL's unaudited consolidated financial statements for the year ended March 31, 2004. The information is only a summary and should be read in conjunction IGC's historical financial statements and related notes and our Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. Additional information regarding TBL's historical performance can be found in the Company's Annual Report on Form 10-KSB for the year ended March 31, 2008. The historical results included below and elsewhere herein are not indicative of the future financial performance of IGC, Sricon and TBL.



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Techni Bharathi Limited (Predecessor)  
Selected Summary Statement of Income Data

(Amounts in Thousand US Dollars, except share data and as stated otherwise)	April 1 2007 to March 7, 2008	31-Mar-07	31-Mar-06
Revenue	\$ 5,321	\$ 4,318	\$ 2,285
Income (loss) before income taxes	2,245	401	(2,369)
Income taxes	(86)	135	62
Net (loss)/income	1,988	536	(2,307)
<b>Per Share Data</b>			
Basic	\$ 0.46	\$ 0.13	\$ (0.54)
Diluted	\$ 0.22	\$ 0.13	\$ (0.54)
<b>Weighted Average Shares</b>			
Basic	4,287,500	4,287,500	4,287,500
Diluted	9,089,928	4,287,500	4,287,500

(Amounts in Thousand US Dollars, except share data and as stated otherwise)	31-Mar-05	Unaudited 31-Mar-04
Revenue	\$ 8,954	\$ 8,773
Income (loss) before income taxes	(3,823)	(2,609)
Income taxes	515	(63)
Net (loss)/income	(3,308)	(2,672)
<b>Per Share Data</b>		
Basic	\$ (0.77)	\$ (0.62)
Diluted	\$ (0.77)	\$ (0.62)
<b>Weighted Average Shares</b>		
Basic	4,287,500	4,287,500
Diluted	4,287,500	4,287,500

Techni Bharathi Limited (Predecessor)  
Selected Summary Balance Sheet Data

(Amounts in Thousand US Dollars)	7-Mar-08	31-Mar-07	31-Mar-06
<b>ASSETS</b>			
Cash and cash equivalents	\$ 736	\$ 1,208	\$ 69
Inventories	1,428	1,284	4,182
Prepaid and other assets	271	1,231	1,275
Property, plant and equipment (net)	1,979	2,265	2,417
<b>LIABILITIES</b>			
Short term borrowings and current portion of long-term loan	2,437	6,079	8,125
Trade payable	2,222	1,502	987
Long term debts, net of current portion	-	2,333	3,656

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Advance from customers	824	1,877	2,997
Total Stockholders' equity	\$ (397)	\$ (4,895)	\$ (5,438)

(Amounts in Thousand US Dollars)	31-Mar-05	Unaudited 31-Mar-04
<b>ASSETS</b>		
Cash and cash equivalents	\$ 83	\$ 107
Inventories	4,459	4,922
Prepaid and other assets	1,765	2,070
Property, plant and equipment (net)	3,463	3,985
<b>LIABILITIES</b>		
Short term borrowings and current portion of long-term loan	6,291	6,614
Trade payable	3,341	2,738
Long term debts, net of current portion	3,897	2,892
Advance from customers	3,057	2,755
Total Stockholders' equity	\$ (3,032)	\$ 320

Table of ContentsIGC India Mining & Trading PVT LTD  
(Selected Summary Statement of Income Data)

	December 16, 2008 (inception) to March 31, 2009
(Amounts in Thousand US Dollars, except share data and as stated otherwise)	
Revenue	\$ 0
Income (loss) before income taxes	(8,644)
Income taxes	(78)
Net (loss)/income	(8,722)
Per Share Data	
Basic	\$ -
Diluted	\$ -
Weighted Average Shares	
Basic	-
Diluted	-

IGC India Mining & Trading PVT LTD  
(Selected Summary Balance Sheet Data)

(Amounts in Thousand US Dollars)	31-Mar-09
ASSETS	
Cash and cash equivalents	\$ 229,099
Inventories	
Prepaid and other assets	59,066
Property, plant and equipment (net)	
LIABILITIES	
Short term borrowings and current portion of long-term loan	
Trade payable	1,154
Long term debts, net of current portion	
Advance from customers	
Total Stockholders' equity	\$ 287,011

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Item 7. Management's Discussion and Analysis

Forward-Looking Statements

This report contains forward-looking statements, including, among others, (a) our expectations about possible business combinations, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “should,” “expect,” “anticipate,” “approximate,” “estimate,” “believe,” “intend,” “plan,” or “project,” or the negative of these words or other variations on these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found in this report. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under our “Description of Business” and matters described in this report generally. In light of these risks and uncertainties, the events anticipated in the forward-looking statements may or may not occur. These statements are based on current expectations and speak only as of the date of such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise.

The information contained in this report identifies important factors that could adversely affect actual results and performance. All forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statements.

Background

IGC, a Maryland corporation was organized on April 29, 2005 as a blank check company for the purpose of acquiring one or more businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, we completed an initial public offering. On February 19, 2007, we incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius. On March 7, 2008, we consummated an agreement to acquire 63% of Sricon Infrastructure Private Limited (Sricon) and 77% of Techni Bharathi Limited (TBL). The shares of the two Indian companies, Sricon and TBL, are held by IGC-M. On December 16, 2009 IGC-M beneficially formed IGC Mining and Trading, Limited and obtained ownership of it on March 29, 2009. IGC-IMT is based in Chennai, India. There was no activity in IGC-IMT between December 16, 2008 and March 29, 2009.

Most of the shares of Sricon and TBL acquired by IGC were purchased directly from the companies. IGC purchased a portion of the shares from the existing owners of the companies. The founders and management of Sricon own 37% of Sricon and the founders and management of TBL own 23% of TBL.

The acquisitions were accounted for under the purchase method of accounting. Under this method of accounting, for accounting and financial purposes, IGC-M, Limited, was treated as the acquiring entity and Sricon and TBL as the acquired entities. The financial statements provided here and going forward are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and their subsidiaries. However, historical descriptions of our business for periods and dates prior to March 7, 2008 include information on Sricon and TBL.

Sricon was incorporated in 1997 with the Registrar of Companies, Maharashtra in the name of “Srivastava Construction Private Limited.” Sricon is located in Nagpur, India. TBL was incorporated in 1982.

Until the formation of Sricon, the infrastructure construction work was carried out in Vijay Engineering Enterprises (partnership concern) (“VEE”). Sricon was incorporated with an objective to execute large scale infrastructure projects in sectors such as Highways, Water Management System, Power and Cement Plants, etc. In an effort to consolidate all infrastructure activities under one company to garner better synergy, business profile, as well as improve cost management, VEE was merged with Sricon effective March 31, 2004.

#### Company Overview

We are a construction and materials company engaged in the following core business areas: 1) civil construction of roads and highways, 2) the construction and maintenance of high temperature cement and steel plants, 3) operations and supply of rock aggregate and 4) the export of iron ore to China. Our present and past clients include various Indian government organizations. Including our subsidiaries, we have approximately 800 employees and contractors. Our larger construction subsidiary, Sricon, has the capacity and prior experience to bid on contracts priced at a maximum of about \$116 million. We are focused on winning construction contracts, building out rock aggregate quarries and setting up relations and export hubs for the export of iron ore to China.

The Indian government has articulated plans to modernize the Indian Infrastructure. It expects to spend around \$21 billion in the next 12 months on infrastructure. We believe that these initiatives will continue to be favorable to our business. Our model is three fold: 1) we bid on construction and engineering contracts which provide us with a backlog which translates into greater revenues and earnings, 2) we are in the process of building rock quarries and selling rock aggregate to the infrastructure industry and 3) we export iron ore to China. There is seasonality in our business as outdoor construction activity slows down during the Indian monsoons. The rains typically last intermittently from June through September.



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### Industry Overview

The Indian GDP surpassed \$1 Trillion in fiscal 2007. According to the World Bank, only nine economies at the close of 2005 generated more than \$1 Trillion in GDP. India's growth rates have been ranging from 6.2% to 8.5% since 2003 and peaked at 9.2% in fiscal year ending March 31, 2007. The GDP growth rate for 2008 was 7.9%. The Indian stock markets experienced significant growth with the SENSEX peaking at 21,000 (January 8, 2008). The current global financial crisis created a liquidity crunch starting in October 2008.

India's GDP growth for fiscal year end March 31, 2008 was 8.6% and for fiscal year end March 31, 2009 is estimated around 5.8%. The slowing of the GDP was caused by the global financial crisis. However, it does indicate that India has withstood the global downturn better than many nations. The factors contributing to maintaining the relatively high growth included growth in the agriculture and service industries, favorable demographic dynamics (India has a large youth population that exceeds 550 Million), the savings rate and spending habits of the Indian middle class. Other factors are attributed to changing investment patterns, increasing consumerism, healthy business confidence, inflows of foreign investment (India ranks #2 behind China in the A.T. Kearney "FDI Confidence Index" for 2007) and improvements in the Indian banking system. Meanwhile, several economists are forecasting India's GDP growth rate during the current fiscal year ending March 31, 2010 to be around 6%.

To sustain India's fast growing economy, the share of infrastructure investment in India is expected to increase to 9 per cent of GDP by 2014, which is an increase from 5 per cent in 2006-07. This forecast is based on The Indian Planning Commission's annual publication that for the Eleventh Plan period (2007-12), a large investment of approximately \$494 Billion is required for Infrastructure build out and modernization. This industry is one of the largest employers in the country – the construction industry alone employs more than 30 million people. According to the Business Monitor International (BMI), by 2012, the construction industry's contribution to India's GDP is forecasted to be 16.98%.

This ambitious infrastructure development mandate by the Indian Government will require funding. The Government of India has already raised funds from multi-lateral agencies such as the World Bank and the Asian Development Bank. The India Infrastructure Company was set up to support projects by guaranteeing up to \$2 Billion annually. In addition, the Indian Government has identified public-private partnerships (PPP) as the cornerstone of its infrastructure development policy. The government is also proactively seeking additional FDI and approval is not required for up to 100% of FDI in most infrastructure areas. According to Indian Prime Minister Dr. Manmohan Singh, addressing the Finance Ministers of ASEAN countries, at the Indo ASEAN Summit at New Delhi, in August 2007, India needs \$150 billion at the rate of \$15 billion per annum for the next 10 years. Speaking to the media in November of 2007, Indian commerce minister Kamal Nath added: "Our FDI policy is perhaps one of the most liberal in the world, India remains a favorite FDI destination despite what is going on in the stock market."

Previously, Minister Nath said the government had fixed an ambitious \$30 billion Foreign Direct Investment (FDI) target for the country's 2007-08 financial year (April to March) following total inflows in 2006-07 of \$19.5 billion (or \$16B excluding reinvested earnings) compared with \$7.7 billion in 2005-06. Actual FDI for 2007-08 surged past \$25 Billion. With the exception of Japan, the focus and expected growth of infrastructure in India has made it a leading FDI destination within Asia in terms of private equity. Eight of the Lipper's world's top ten infrastructure funds in 2007 were Indian equity funds. However, in comparison, China received \$67 billion in FDI, while India received only \$16B. More than 50% of India's FDI will be utilized for infrastructure, telecom, and power.

The Government of India is also permitting External Commercial Borrowings (ECB's) as a source of financing Indian Companies looking to expand existing capacity as well as incubation for new startups. ECB's include commercial bank loans, buyers' credit, suppliers' credit, securitized instruments such as Floating Rate Notes and Fixed Rate Bonds, credit from official export credit agencies, and commercial borrowings from private sector Multilateral Financial

Institutions such as International Finance Corporation (Washington), ADB, AFIC, CDC, etc. National credit policies seek to keep an annual cap or ceiling on access to ECB, consistent with prudent debt management. Also, these policies seek to encourage greater emphasis on infrastructure projects and core sectors such as power, oil exploration, telecom, railways, roads & bridges, , ports, industrial parks, urban infrastructure, and fosters exporting. Applicants will be free to raise ECB from any internationally recognized source such as banks, export credit agencies, suppliers of equipment, foreign collaborators, foreign equity-holders, and international capital markets.

ECB can be accessed in two methods, namely, the Automatic Route and the Approval Route. The Automatic Route is primarily for investment in Indian infrastructure, and will not require Reserve Bank of India (RBI)/Government approval. The maximum amount of ECB's under the Automatic Route raised by an eligible borrower is limited to \$500 million during any financial year. The following are additional requirements under the Automatic route:

- a) ECB up to \$20 million or equivalent with minimum average maturity of 3 years.
- b) ECB above \$20 million and up to \$500 million or equivalent with minimum average maturity of 5 years.

Some of the areas where ECB's are utilized is the National Highway Development Project and the National Maritime Development Program. In addition, the following represent some of the major infrastructure projects planned for the next five years:

1. Constructing dedicated freight corridors between Mumbai-Delhi and Ludhiana-Kolkata.
2. Capacity addition of 485 million MT in Major Ports, 345 million MT in Minor Ports.
3. Modernization and redevelopment of 21 railway stations.
4. Developing 16 million hectares through major, medium and minor irrigation works.
5. Modernization and redevelopment of 4 metro and 35 non-metro airports.
6. Expansion to six-lanes 6,500 km (4,038 Miles) of Golden Quadrilateral and selected National Highways.
7. Constructing 228,000 miles of new rural roads, while renewing and upgrading the existing 230,000 miles covering 78,304 rural habitations.

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## Pro Forma and Adjusted Pro Forma Financial Information

In prior annual filings, we compared annual consolidated results of operations and cash flows to the preceding year. Since we acquired both TBL and Sricon at the close of year ending March 31, 2008, we believe a comparison of the December 31, 2009 consolidated results of operations and cash flows to March 31, 2008 is not an adequate comparison. Only the operating results for March 8, 2008 to March 31, 2008 are included in our 2008 consolidated results of operations and cash flows. To reflect a better comparison of operating results, we are presenting in this Management's Discussion and Analysis section, the Pro Forma results of operations for the Company as if the acquisitions occurred on April 1, 2007 and April 1, 2008, respectively. We are basing our Pro Forma results of operations from (1) the audited financial statements of Sricon for the period ended March 7, 2008, (2) the unaudited financial statements of Sricon for the period March 8, 2008 to March 31, 2008, (3) the audited financial statements of TBL for the period ended March 7, 2008, (4) the unaudited financial statements of TBL for the period March 8, 2008 to March 31, 2008, and (5) the audited consolidated financial statements of the Company for the year ended March 31, 2009 and 2008.

We believe that the presented Pro Forma financial statements and analysis is a more meaningful comparison of our operating results.

The following tables represent our Pro Forma Consolidated Financial Statements.

India Globalization Capital, Inc.  
Adjusted Pro Forma Consolidated Statements of Operations  
(unaudited)

	Year Ended March 31, 2009	Year Ended March 31, 2008	Percentage Increase (Decrease)
Revenue	\$ 35,338,725	\$ 30,123,348	\$ 17.3%
Cost of revenue	(27,179,494)	(22,462,592)	21.0%
Gross profit	8,159,231	7,660,756	6.5%
Selling, general and administrative expenses	(4,977,815)	(2,997,983)	66.0%
Depreciation	(873,022)	(921,382)	(5.2%)
Operating income	2,308,394	3,741,392	(38.3%)
Legal and formation, travel and other start up costs		(5,765,620)	(100.0%)
Interest expense	(1,753,952)	(3,411,357)	48.6%
Interest income	1,176,018	319,984	267.5%
Other Income		2,997,495	(100.0%)
Income / (loss) before income taxes	1,730,461	(2,118,106)	(181.7%)
Provision for income taxes, net	(1,535,087)	(946,939)	(62.1%)
Income after Income Taxes	195,373	(3,065,046)	106.4%
Provision for Dividend on Preference Stock and its Tax			
Minority interest	(716,950)	(1,343,845)	46.6%
Net income / (loss)	\$ (521,576)	\$ (4,408,891)	\$ 88.2%
Net income / (loss) per share: basic and diluted	\$ (0.05)		
Weighted average number of shares outstanding-basic and diluted	10,091,171		

Pro Forma Adjustments

The Consolidated Pro Forma Statement of Operations contains US GAAP to Pro Forma adjustments consisting of the elimination of interest income held in trust and provision for income taxes. Had the merger occurred during April 1, 2007, interest income in the amount of \$2,192,402 would not have been earned because funds as reported in US GAAP results would have not been held in trust. Therefore, we eliminate the applicable interest earned from the Pro Forma statement of operations for the year ended March 31, 2008. Accordingly, the provision for income taxes is reduced by \$16,955.

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### Results of Operations (IGC)

The following discussion relates to IGC for the years ended March 31, 2009 and March 31, 2008:

#### Revenues

Total pro forma revenue increased 17.1% from \$35.3 million for the year ended March 31, 2009, as compared to \$30.1 million for the year ended March 31, 2008. Due to increased liquidity requirements in maintaining a high level of growth, we have curtailed the number of contracts we are working on by sub-contracting some and cancelling others.

#### Cost of Revenues

Costs of revenue consists primarily of compensation and related fringe benefits for project-related personnel, department management and all other dedicated project related costs and indirect costs. Cost of revenue increased by 4.7 million or 21.0%, compared to the year ended March 31, 2008. The increase was due to the increase of construction material.

#### Selling, General and Administrative Expenses

Consist primarily of employee-related expenses, professional fees, other corporate expenses and allocated overhead. Selling, general and administrative expenses increased by \$2 million or 67.5% for the year ended March 31, 2009, compared to the year ended March 31, 2008. The increase in SG&A stem partly from overheads related to US compliance, USGAAP filings with the SEC, and legal costs associated with the warrant tender offer and general fund raising activity.

Net Interest Income (Expense) – Net interest expense increased by \$484 thousand for the year ended March 31, 2009 compared to the year ended March 31, 2008. The main reason is that the interest income from money in trust is not included in the pro forma statements.

#### Net Income (loss)

Net loss for the years ended March 31, 2009 and March 31, 2008 was \$522 thousand and \$4.4 million, respectively. The 2008 net loss included compensation expense, legal, interest expense, formation, travel, other and start-up costs net of interest income related to the cash held in our trust account. The 2009 loss includes approximately \$1.5 million of one time expenses related to fund raising and non cash expenses related to warrants, as well as approximately \$300,000 of losses due to a strengthening US dollar against the Indian Rupee.

#### Impairment of Goodwill

As a result of our annual impairment tests which occurred during the fourth quarter, we have not recorded an impairment adjustment to goodwill. Factors that influence the analysis include, contracts, potential contracts, ability to grow the quarry and ore business, among others. While there is an overall liquidity constraint and we require more cash to grow, the market potential for the infrastructure business in India remains unabated.

#### Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company results for the years ended March 31, 2009 and 2008.

Cash used for operating activities from continuing operations is net loss adjusted for certain non-cash items and changes in operating assets and liabilities. During the year ending March 31, 2009, cash used for operating activities was \$8.1 million compared to cash used for operating activities of \$8.6 million during the year ended March 31, 2008. The uses of cash during the year ended March 31, 2009 relates primarily to the payment of general operating

expenses of our subsidiary companies, down payments on equipment and one time expenses related to legal costs associated with the warrant tender offer, increased fundraising activities, and increased expenses in curtailing contracts.

During the year ended March 31, 2009, investing activities from continuing operations provided approximately \$2.9 million of cash as compared to approximately \$ 57.3 million used during the year of 2008. The large difference of cash stems from our cash in escrow during the FYE 2008. During this period we were a Special Purpose Acquisition Company for the majority of the year with no operations. Therefore, cash was invested in treasury bills and notes earning interest on cash held in trust.

During the year ended March 31, 2009, there was cash financing used of approximately \$156 thousand, compared to cash used of approximately \$ 41.4 million for the year ended March 31, 2008. The significant use of cash in 2008 was for acquisition costs related to the acquisition of TBL and Sricon. We paid off \$5.5 million in bank lines and notes outstanding during the year ended March 31, 2009.

Our future liquidity needs will depend on, among other factors, stability of construction costs, interest rates, and a continued increase in infrastructure contracts in India. We believe that our current cash balances, anticipated operating cash flow, and potential cash from claims are adequate to sustain the Company, but not to fuel rapid growth commensurate with the opportunity before us. As such we have and continue to take measures to constrain growth until we have visibility into increased liquidity. As of now our bank lines in India have been dramatically reduced to amounts borrowed and outstanding. We continue to explore funding sources including negotiated settlement of accounts receivable, settlement of claims, bank lines, equity, Mauritius listing of our stock, convertible debentures, and debt. However, there can be no assurance that we will be able to access additional credit facilities. Our strategy is to use develop businesses that have a very short receivable cycle like the export of ore to China and the sale of rock aggregate as well as aggressively collect our outstanding receivables and claims.

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### Off Balance Sheet Arrangements

#### Item 7A. Quantitative and Qualitative Disclosure about Market Risks

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. The disclosures are not meant to be precise indicators of expected future losses, but rather, indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

#### Customer Risk

The Company's customers are the Indian government, state government, private companies and Indian government owned companies. Therefore, our business requires that we continue to maintain a pre-qualified status with our clients so we are not disqualified from bidding on future work. The loss of a significant client, like the National Highway Authority of India (NHAI), may have an adverse effect on Company. Disqualification can occur if, for example, we run out of capital to finish contracts that we have undertaken.

#### Commodity Prices and Vendor Risk

The Company is affected by the availability, cost and quality of raw materials including cement, asphalt, steel, rock aggregate and fuel. The prices and supply of raw materials and fuel depend on factors beyond the control of the Company, including general economic conditions, competition, production levels, transportation costs and import duties. The Company typically builds contingencies into the contracts, including indexing key commodity prices into escalation clauses. However, drastic changes in the global markets for raw material and fuel could affect our vendors, which may create disruptions in delivery schedules that could affect our ability to execute contracts in a timely manner. We are taking steps to mitigate some of this risk by attempting to control the supply of raw materials. We do not currently hedge commodity prices on capital markets.

#### Labor Risk

The building boom in India and the Middle East (India, Pakistan, and Bangladesh export labor to the Middle East) had created pressure on the availability of skilled labor like welders, equipment operators, etc. While this has recently changed with the shortage of financial liquidity and falling oil prices, we expect a construction boom and although manageable, some regional shortage of skilled labor.

#### Compliance, Legal and Operational Risks

We operate under regulatory and legal obligations imposed by the Indian governments and U.S. securities regulators. Those obligations relate, among other things, to the company's financial reporting, trading activities, capital requirements and the supervision of its employees. For example, we file our financial statements in three countries under three different Generally Accepted Accounting Standards, (GAAP). Failure to fulfill legal or regulatory obligations can lead to fines, censure or disqualification of management and/or staff and other measures that could have negative consequences for Sricon's activities and financial performance. We are mitigating this risk by hiring local consultants and staff who can manage the compliance in the various jurisdictions in which we operate. However, the cost of compliance in various jurisdictions could have an impact on our future earnings.

#### Interest Rate Risk

The infrastructure development industry is one in which leverage plays a large role. A typical contract requires that we furnish an earnest money deposit and a performance guaranty. Furthermore, most contracts demand that we reserve between 7 and 11 percent of contract value in the form of bank guaranties and/or deposits. Finally, as interest rates rise, our cost of capital increases thus impacting our margins.

#### Exchange Rate Sensitivity

Our Indian subsidiaries conduct all business in Indian Rupees with the exception of foreign equipment that is purchased from the U.S. or Europe. Exchange rates have an insignificant impact on our financial results. However, as we convert from Indian Rupees to USD and subsequently report in U.S. dollars, we may see an impact on translated revenue and earnings. Essentially, a stronger USD decreases our reported earnings and a weakening USD increases our reported earnings.

#### Accounting Developments and their impact

In September 2006, FASB issued FAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans" (FAS 158). This Statement requires companies to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position. The Company has applied FAS 158, and there is no impact on the financial statements.

In May 2005, FASB issued FAS No. 154, "Accounting Changes and Error Corrections-a replacement of APB Opinion No. 20 and FASB Statement No. 3" (FAS 154). This Statement replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements." This Statement requires retrospective application to prior periods' financial statements for changes in accounting principle, unless it is impractical to determine either the period-specific effects or the cumulative effect of the change. FAS 154 also requires that a change in depreciation, amortization, or depletion method for long, non-financial assets be accounted for as a change in accounting estimate effected by a change in accounting principal. The Company adopted FAS 154 for accounting changes and corrections of errors made after the adoption date. The adoption of the provisions of FAS 154 did not have an impact on the Company's financial statements.



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In September 2006, the Securities and Exchange Commission ('SEC') staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ('SAB 108'). SAB 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for purposes of determining whether the current year's financial statements are materially misstated. The provisions of SAB 108 are required to be applied by registrants in their annual financial statements covering fiscal years ending on or before November 15, 2007. The adoption of the provisions of SAB 108 did not have an impact on the Company's financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" (FIN 48). FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The provisions of FIN 48 will be applied beginning in the first quarter of 2008 (i.e. from April 1, 2008), with the cumulative effect of the change in accounting principle recorded as an adjustment to retained earnings. The Company is currently assessing the impact of the adoption of this Interpretation on its financial statements.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This statement is effective beginning January 1, 2009. The Company does not expect the adoption of SFAS 141R to have a material impact on its financial position and results of operations.

In December 2007, FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51." This statement improves the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require; the ownership interests in subsidiaries held by parties other than the parent and the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, changes in a parent's ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value, entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 affects those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption is prohibited. The adoption of this statement did not have a material effect on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133." This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133) as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. The adoption of this statement did not have a material effect on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles.” SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that presented in conformity with generally accepted accounting principles in the United States of America. SFA 162 will be effective 60 days following the SEC’s approval of the PCAOB amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The Company does not believe SFAS 162 will have a significant impact on the Company’s financial statements.

In May 2008, the FASB issued SFAS No. 163, “Accounting for Financial Guarantee Insurance Contracts, an interpretation of FASB Statement No. 60.” The scope of this Statement is limited to financial guarantee insurance and reinsurance contracts, as described in the Statement, issued by enterprises included within the scope of Statement 60. Accordingly, this Statement does not apply to financial guarantee contracts issued by enterprises excluded from the scope of Statement 60 or to some insurance contracts that seem similar to financial guarantee insurance contracts issued by insurance enterprises (such as mortgage guaranty insurance or credit insurance on trade receivables). This Statement also does not apply to financial guarantee contracts that are derivative instruments included within the scope of SFAS No. 133, “Accounting for Derivative instruments and Hedging Activities.” SFAS 163 is effective prospectively for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years; disclosure requirements in paragraphs 30(g) and 31 are effective for the first period (including interim periods) beginning after May 23, 2008. The adoption of this statement did not have a material effect on the Company’s financial statements.

In September 2006, the FASB issued FAS No.157, “Fair Value Measurements” (FAS No. 157). FAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The Company’s adoption of this Standard on January 1, 2008 did not have a material effect on its financial statements. Relative to FAS 157, the FASB issued FASB Staff Positions (FSP) FAS 157-1, FAS 157-2, and FAS 157-3. FSP FAS 157-1 amends SFAS 157 to exclude SFAS No. 13, “Accounting for Leases” (SFAS 13), and its related interpretive accounting pronouncements that address leasing transactions, while FSP FAS 157-2 delays the effective date of the application of SFAS 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. FSP FAS 157-3 clarifies the application of FAS 157 as it relates to the valuation of financial assets in a market that is not active for those financial assets. This FSP is effective immediately and includes those periods for which financial statements have not been issued. We currently do not have any financial assets that are valued using inactive markets, and as such are not impacted by the issuance of this FSP.

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In February 2007, the FASB issued FAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115” (FAS No. 159). FAS No. 159 provides companies with a choice to measure certain financial assets and liabilities at fair value that are not currently required to be measured at fair value (the “Fair Value Option”). Election of the Fair Value Option is made on an instrument-by-instrument basis and is irrevocable. The Company’s adoption of this Standard on January 1, 2008 did not have a material effect on its financial statements.

### Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Both our Indian subsidiaries have based their estimates and judgments on experience and other assumptions that they find reasonable. Actual results may differ from such estimates as conditions and assumptions change, which could have a material impact on the financial statements.

Accounting standards whose application may have a significant effect on the reported results of operations and financial position, and that can require judgments by management that affect their application, include FAS No. No. 5, “Accounting for Contingencies,” FAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” FAS No. 142, “Goodwill and Other Intangible Assets,” FAS No. 157, “Fair Value Measurements,” FAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities,” and FAS No. 109, “Accounting for Income Taxes,” including recent accounting requirements under FASB Interpretation No. 48 (FIN 48), “Accounting for Uncertainty in Income Taxes.”

Partial revenue is recognized on major construction contracts when work is completed, an independent consultant approves the work and a bill is rendered. The timing of revenue recognition is dependent upon the agreement between the customer and the Company. Specifically, revenue recognized from construction, project related activities, contracts for supply, plant and equipment commissioning is recognized as follows:

- a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer and expected to be realized.
- b) Fixed price contracts: Contract revenue is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost. Changes in estimates for revenue, costs to complete and profit margins are recognized in the period in which they are reasonably determinable

Revenue from property development activity is recognized when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

Revenue from service related activities and miscellaneous other contracts are recognized when the service is rendered using the proportionate completion method or completed service contract method.

Revenue from mining and trading activity is typically recognized, based on contracts that are “Freight on Board” (FOB), when a shipment is loaded on to a ship.

Full provision is made for any loss in the period in which it is foreseen. If the financial conditions of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required.

#### Foreign Currency Translation

IGC mainly operates in India and a substantial portion of the Company’s sales are denominated in the Indian Rupee. As a result, changes in the relative values of the U.S. dollar and Indian Rupee affect revenues and profits as the results are translated into U.S. dollars in the consolidated and Pro Forma financial statements.

The accompanying financial statements are reported in U.S. dollars. The Indian rupee is the functional currency for the company. The translation of the functional currencies into U.S. dollars is performed for assets and liabilities using the exchange rates in effect at the balance sheet date and for revenues, costs and expenses using average exchange rates prevailing during the reporting periods. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholders’ equity.

The exchange rates used for translation purposes are as under:

Year	Month end Average Rate (P&L rate)	Year end rate (Balance sheet rate)
2005-06	INR 44.18 per USD	INR 44.48 per USD
2006-07	INR 45.11 per USD	INR 43.10 per USD
2007-08	INR 40.13 per USD	INR 40.42 per USD
2008-09	INR 46.49 per USD	INR 50.64 per USD

#### Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements and supplementary financial data are included in this annual report on Form 10-K beginning on page F-1

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders  
India Globalization Capital, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and comprehensive loss, and of cash flows present fairly, in all material respects, the financial position of India Globalization Capital, Incorporated and its subsidiaries at March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ Yoganandh & Ram  
Independent Auditors registered with  
Public Company Accounting Oversight Board (USA)

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India Globalization Capital, Inc.  
CONSOLIDATED BALANCE SHEET

	March 31, 2009	March 31, 2008
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,129,365	\$ 8,397,441
Accounts Receivable	9,307,088	8,708,861
Unbilled Receivables	2,759,632	5,208,722
Inventories	2,121,837	1,550,080
Interest Receivable - Convertible Debenture		277,479
Convertible debenture in MBL		3,000,000
Prepaid taxes	88,683	49,289
Restricted cash		6,257
Short term investments		671
Prepaid expenses and other current assets	2,801,148	4,324,201
Due from related parties	290,831	1,373,446
<b>Total Current Assets</b>	<b>19,498,584</b>	<b>32,896,447</b>
Property and equipment, net	6,601,394	7,337,361
Accounts Receivable – Long Term	2,769,196	3,519,965
Goodwill	17,483,501	17,483,501
Investment	70,743	1,688,303
Deposits towards acquisitions	261,479	187,500
Restricted cash, non-current	1,430,137	2,124,160
Deferred tax assets - Federal and State, net of valuation allowance	898,792	1,013,611
Other Assets	2,818,687	1,376,126
<b>Total Assets</b>	<b>\$ 51,832,513</b>	<b>\$ 67,626,973</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 3,422,239	\$ 5,635,408
Trade payables	462,354	1,771,151
Advance from Customers	206,058	931,092
Accrued expenses	555,741	1,368,219
Taxes payable	76,569	58,590
Notes Payable to Oliveira Capital, LLC	1,517,328	3,000,000
Due to related parties	1,214,685	1,330,291
Other current liabilities	1,991,371	3,289,307
<b>Total current liabilities</b>	<b>\$ 9,446,345</b>	<b>\$ 17,384,059</b>
Long-term debt, net of current portion	1,497,458	1,212,841
Advance from Customers		832,717

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Deferred taxes on income	590,159	608,535
Other liabilities	2,440,676	6,717,109
Total Liabilities	\$ 13,974,638	\$ 26,755,261
Minority Interest	14,262,606	13,545,656
Common stock subject to possible conversion, 11,855,122 shares at conversion value	-	-
COMMITMENTS AND CONTINGENCY		
STOCKHOLDERS' EQUITY		
Preferred stock \$.0001 par value; 1,000,000 shares authorized; none issued and outstanding		-
Common stock — \$.0001 par value; 75,000,000 shares authorized; 10,091,171 issued and outstanding at March 31, 2009 and 8,570,107 issued and outstanding at March 31, 2008.	1,009	857
Additional paid-in capital	33,186,530	31,470,134
Retained Earnings (Deficit)	(4,662,689)	(4,141,113)
Accumulated other comprehensive (loss) income	(4,929,581)	(3,822)
Total stockholders' equity	23,595,269	27,326,056
Total liabilities and stockholders' equity	\$ 51,832,513	\$ 67,626,973

The accompanying notes should be read in connection with the financial statements.



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CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended March 31, 2009	Year Ended March 31, 2008
Revenue	\$ 35,338,725	\$ 2,188,018
Cost of revenue	(27,179,494)	(1,783,117)
Gross profit	8,159,231	404,901
Selling, general and administrative expenses	(4,977,815)	(367,647)
Depreciation	(873,022)	(58,376)
Operating income	2,308,394	5,153
Legal and formation, travel and other start up costs		(5,765,620)
Interest expense	(1,753,952)	(1,944,660)
Interest income	1,176,018	2,213,499
Other Income		202,858
Income / (loss) before income taxes	1,730,461	(5,315,044)
Provision for income taxes, net	(1,535,087)	(76,089)
Income after Income Taxes	195,373	(5,391,134)
Provision for Dividend on Preference Stock and its Tax		171,084
Minority interest	(716,950)	4,780
Net income / (loss)	\$ (521,576)	\$ (5,215,270)
Net income / (loss) per share: basic and diluted	\$ (0.05)	\$ (0.61)
Weighted average number of shares outstanding-basic and diluted	10,091,171	8,570,107

The accompanying notes should be read in connection with the financial statements.

India Globalization Capital, Inc.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended March 31, 2009	Year Ended March 31, 2008
Net income / (loss)	\$ (521,576)	\$ (5,215,270)
Foreign currency translation adjustments	(4,925,759)	(3,822)
Comprehensive income (loss)	\$ (5,447,335)	\$ (5,219,092)

The accompanying notes should be read in connection with the financial statements.

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India Globalization Capital, Inc.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income / Loss	Total Stockholders' Equity
Balance at April 1, 2007	13,974,500	\$ 1,397	\$ 51,848,145	\$ 1,074,157	\$	\$ 52,923,699
Redemption of 1,910,469 shares on March 7, 2008 and balance in shares subject to possible conversion transferred to paid in capital	(1,910,469)	(191)	1,689,164			1,688,973
Buyback of 4,248,877 shares on March 7, 2008	(4,248,877)	(425)	(25,237,905)			(25,238,330)
"Issuance of common stock to Bridge Investors at \$.01 per share	754,953	76	3,170,730			3,170,805
Net Loss for the year	-	-	-	(5,215,270)	(3,822 )	(5,219,091)
Balance at March 31, 2008	8,570,107	\$ 857	\$ 31,470,134	\$ (4,141,113)	\$ (3,822)	\$ 27,326,056
Fair value of 425,000 warrants issued to Oliveira Capital, LLC			403,750			403,750
Issuance of common stock to Red Chip Companies at \$4.71 per share	10,000	1	47,098			47,099
Fair value of 200,000 common stock issued to Oliveira Trust	200,000	20	967,980			968,000
Conversion of Warrants to Equity shares – 1,311,064 shares	1,311,064	131	297,568			297,699
Net income / (Loss)				(521,576)		(521,576)

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Foreign currency translation adjustments					(4,925,759)	(4,925,759)
Balance at March 31, 2009	10,091,171	\$ 1,009	\$ 33,186,530	\$ (4,662,689)	\$ (4,929,581)	\$ 23,595,269

The accompanying notes should be read in connection with the financial statements.

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India Globalization Capital, Inc.  
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended March 31, 2009	Year Ended March 31, 2008
Cash flows from operating activities:		
Net income (loss)	\$ (521,576)	\$ (5,215,270)
Adjustment to reconcile net income (loss) to net cash used in operating activities:		
Interest earned on Treasury Bills		(2,119,104)
Non-cash compensation expense	450,850	
Deferred taxes	221,037	(743,652)
Depreciation	873,022	58,376
Loss / (Gain) on sale of property, plant and equipment	211,509	29
Amortization of debt discount on Oliveira debt	2,652	4,052,988
Amortization of loan acquisition cost		250,000
Changes in:		
Accounts receivable	(2,725,195)	808,978
Unbilled Receivable	1,484,960	(635,207)
Inventories	(1,001,389)	341,950
Prepaid expenses and other current assets	1,099,188	(3,063,771)
Trade Payable	(1,033,319)	(1,744,137)
Other Current Liabilities	(832,556)	(884,639)
Advance from Customers	(1,311,200)	(97,946)
Other non-current liabilities	(3,155,767)	3,050,821
Non-current assets	(1,926,571)	928,696
Accounts receivable – Long Term		(50)
Interest receivable - convertible debenture	277,479	(240,000)
Deferred interest liability		(3,597,998)
Accrued expenses	(922,300)	854,902
Prepaid / taxes payable	(21,415)	(569,283)
Minority Interest	716,950	(4,780)
Net cash used in operating activities	\$ (8,113,641)	\$ (8,569,097)
Cash flows from investing activities:		
Purchase of treasury bills		(585,326,579)
Maturity of treasury bills		653,554,076
Purchase of property and equipment	(2,493,417)	(3,447)
Proceeds from sale of property and equipment	488,886	(13,521)
Purchase of short term investments	698	(1)
Non Current Investments	1,395,444	(498,677)
Restricted cash	272,754	(1,714,422)
Decrease (increase) in cash held in trust		(4,116)
Redemption of convertible debenture	3,000,000	
Deposit towards acquisitions, net of cash acquired	220,890	(6,253,028)
Payment of deferred acquisition costs		(2,482,431)
Net cash provided/(used) in investing activities	\$ 2,885,255	\$ 57,257,854
Cash flows from financing activities:		

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Issuance of common stock to founders		(541)
Net movement in cash credit and bank overdraft	(1,215,253)	646,515
Proceeds from other short-term borrowings		(275,114)
Proceeds from long-term borrowings	1,287,940	(3,075,012)
Repayment of long-term borrowings	(591,927)	(1,023)
Due to related parties, net	583,235	(255,093)
Issue of Equity Shares	297,699	0
Money received pending allotment		(3,669,574)
Proceeds from notes payable to stockholders		(270,000)
Proceeds from notes payable to stockholders		(600,000)
Gross proceeds from initial public offering		(33,140,796)
Proceeds from note payable to Oliveira Capital, LLC	2,000,000	(769,400)
Repayment of note payable to Oliveira Capital, LLC	(2,517,324)	
Proceeds from other financing		31,047
Net cash provided/(used) by financing activities	\$ (155,630)	\$ (41,378,991)
Effect of exchange rate changes on cash and cash equivalents	(884,059)	(81,747)
Net increase/(decrease) in cash and cash equivalent	(6,268,075)	7,228,019
Cash and cash equivalent at the beginning of the period	8,397,440	1,169,422
Cash and cash equivalent at the end of the period	\$ 2,129,365	\$ 8,397,441
<b>Supplemental schedule of non cash financing activities:</b>		
Accrual of deferred acquisition costs		\$ 26,000
Accrual of loan acquisition cost		\$ 250,000
Value of Common Stock to Bridge Investors		\$ 3,170,806

The accompanying notes should be read in connection with the financial statements.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended March 31, 2009 and 2008

NOTE A — BASIS OF PRESENTATION

The financial statements for March 31, 2009 and 2008 are audited. The statements ending March 31, 2009 and 2008 are consolidated with all of our subsidiaries. Sricon and TBL were acquired on March 8, 2008. IGC Mining and Trading, Limited (IGC-IMT) was formed beneficially by IGC India Globalization Capital, Mauritius, Limited (IGC-M) on December 16, 2008. All our companies have financial years that end on March 31.

In the opinion of management, all adjustments (consisting of normal accruals) have been made that are necessary to present fairly the financial position of the Company as of March 31, 2009 and the results of its operation and cash flows for the three years ended March 31, 2009 and 2008.

These financial statements should be read in conjunction with the financial statements that were included in the Company's Annual Report on Form 10-KSB for the year ended March 31, 2008. The March 31, 2008 and 2009 balance sheets, statements of operations, statements of cash flows, and the statements of stockholders' equity have been derived from the audited financial statements.

NOTE B — ORGANIZATION AND BUSINESS OPERATIONS

India Globalization Capital, Inc. (the "Company" or "IGC"), a Maryland corporation, was incorporated on April 29, 2005 as a blank check company, formed for the purpose of acquiring one or more infrastructure businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006 the Company completed an initial public offering. On February 19, 2007 the Company incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius.

Through its subsidiaries, the company's primary focus is to execute major infrastructure projects in India such as constructing interstate highways, rural roads, mining and quarrying, and construction of high temperature cement and steel plants. IGC-IMT has been contracted to operate a shipping hub and export iron ore to China.

The registration statement for the Company's initial public offering (the "Public Offering") (as described in Note C) was declared effective March 2, 2006. The Company consummated the Public Offering including the over allotment option on March 8, 2006, and preceding the consummation of the Public Offering on March 2, 2006 certain of the officers and directors of the Company purchased an aggregate of 170,000 units (the "Units") from the Company in a private placement (the "Private Placement"). The Units sold in the Private Placement were identical to the 11,304,500 Units sold in the Public Offering, but the purchasers in the Private Placement waived their rights to conversion and receipt of the distribution on liquidation in the event the Company did not complete a business combination (as described below). The Company received net proceeds from the Private Placement and the Public Offering of approximately \$62,815,000 (Note C).

As described in Note K, on March 7, 2008 following the stockholder approval of and pursuant to the terms of the purchase agreement, the Company consummated the acquisition of 63% of the equity of Sricon Infrastructure Private Limited (Sricon) for approximately \$28.75 Million. As also described in Note K, the Company paid about \$12.03 Million for the acquisition of 77% of Techni Bharathi Limited (TBL). The shares of the two Indian companies, Sricon and TBL, are held by IGC-M. The founders and management of Sricon own 37% of Sricon and the founders and management of TBL own 23% of TBL.

NOTE C — INITIAL PUBLIC OFFERING

On March 8, 2006, the Company sold 11,304,500 Units in the Public Offering, including the exercise by the Underwriter of the over-allotment in full. Each Unit consists of one share of the Company's common stock, \$.0001 par value, and two redeemable common stock purchase warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00. The Company has a right to redeem the Warrants in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading-days within a 30-trading day period ending on the third day prior to the date on which notice of redemption is given. If the Company redeems the Warrants, either the holder will have to exercise the Warrants by purchasing the common stock from the Company for \$5.00, or the Warrants will expire. The Warrants expire on March 3, 2011, or earlier upon redemption.

In connection with the Public Offering, the Company issued an option, for \$100, to the Underwriter to purchase 500,000 Units at an exercise price of \$7.50 per Unit. The Company has accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Public Offering resulting in a charge directly to stockholders' equity. The Company estimated, using the Black-Scholes method, the fair value of the option granted to the Underwriter as of the date of grant was approximately \$756,200 using the following assumptions: (1) expected volatility of 30.1%, (2) risk-free interest rate of 3.9% and (3) expected life of five years. The estimated volatility was based on a basket of Indian companies that trade in the United States or the United Kingdom. The option may be exercised for cash or on a "cashless" basis, at the holder's option, such that the holder may use the appreciated value of the option (the difference between the exercise prices of the option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the option without the payment of any cash. The Warrants underlying such Units are exercisable at \$6.25 per share.

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NOTE D — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated.

Minority interest in subsidiaries consists of equity securities issued by a subsidiary of the Company. No gain or loss was recognized as a result of the issuance of these securities, and the Company owned a majority of the voting equity of the subsidiary both before and after the transactions. The Company reflects the impact of the equity securities issuances in its investment in subsidiary and additional paid-in-capital accounts for the dilution or anti-dilution of its ownership interest in the subsidiary.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition:

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

Revenue from sale of goods is recognized when substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognized as follows:

- a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer and expected to be realized.
- b) Fixed price contracts: Contract revenue is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost. Changes in estimates for revenues, costs to complete and profit margins are recognized in the period in which they are reasonably determinable

Full provision is made for any loss in the period in which it is foreseen.

Revenue from property development activity is recognized when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.



Revenue from service related activities and miscellaneous other contracts are recognized when the service is rendered using the proportionate completion method or completed service contract method.

Income per common share:

Basic earnings per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the additional dilution for all potentially dilutive securities such as stock warrants and options. The effect of the 23,374,000 warrants have been included in the diluted weighted average shares. However, for the years ending March 31, 2008 and 2009, the weighted average price of the common stock was below the exercise price of all outstanding warrants and therefore the warrants did not contribute to the dilution of basic shares.

Income taxes:

Deferred income taxes are provided for the differences between the bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Cash and Cash Equivalents:

For financial statement purposes, the Company considers all highly liquid debt instruments with maturity of three months or less when purchased to be cash equivalents. The company maintains its cash in bank accounts in the United States of America and Mauritius, which at times may exceed applicable insurance limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalent. The company does not invest its cash in securities that have an exposure to U.S. mortgages.

Restricted cash:

Restricted cash consists of deposits pledged with various government authorities and deposits restricted as to usage under lien to banks for guarantees and letters of credit given by the Company. The restricted cash is primarily invested in time deposits with banks.

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Accounts receivable:

Accounts receivables are recorded at the invoiced amount. Account balances are written off when the company believes that the receivables will not be recovered. The company's bad debts are included in selling and general administrative expenses. The company did not recognize any bad debts during the year ended March 31, 2009 and March 31, 2008, respectively.

Inventories:

Inventories primarily comprise finished goods, raw materials, work in progress, stock at customer site, stock in transit, components and accessories, stores and spares, scrap, residue and real estate. Inventories are stated at the lower of cost or estimated net realizable value.

The Cost of various categories of inventories is determined on the following basis:

Raw Material are valued at weighted average of landed cost (Purchase price, Freight inward and transit insurance charges), Work in progress is valued as confirmed, valued & certified by the technicians & site engineers and Finished Goods at material cost plus appropriate share of labor cost and production overhead. Components and accessories, stores erection, materials, spares and loose tools are valued on a First-in-First out basis. Real Estate is valued at the lower of cost or net realizable value.

Accounts Receivable – Long Term:

Known in India as Build-Operate-Transfer (BOT). It is money due to the company by the private or public sector to finance, design, construct, and operate a facility stated in a concession contract over an extended period of time.

Investments:

Investments are initially measured at cost, which is the fair value of the consideration given for them, including transaction costs. Investments generally comprises of fixed deposits with banks.

Property, Plant and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Depreciation of computers, construction, scrap processing and other equipments, buildings and other assets are provided based on the Straight-line method over useful life of the assets.

The value of plant and equipment that are capitalized include the acquisition price and other direct attributable expenses.

The estimated useful life of various categories of assets are as follows:

Category	Useful Life (years)
Building (Flat)	25
P l a n t a n d Machinery	20
C o m p u t e r Equipment	3
Office Equipment	5

Furniture and Fixtures	5
Vehicles	5
Leasehold Improvements	Over the period of lease or useful life (if less)

Upon disposition, cost and related accumulated depreciation of the Property and equipment are removed from the accounts and the gain or loss is reflected in the results of operation. Cost of additions and substantial improvements to property and equipment are capitalized in the books of accounts. The cost of maintenance and repairs of the property and equipment are charged to operating expenses.

#### Policy for Goodwill / Impairment:

Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is disclosed separately. Goodwill is stated at cost less accumulated amortization and impairment losses, if any.

The company adopted provisions of FAS No. 142, "Goodwill and Other Intangible Assets" ('FAS 142') which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. FAS142 requires that goodwill and indefinite-lived intangible assets no longer be amortized, but instead tested for impairment at least annually.

The goodwill impairment test under FAS 142 is performed in two phases during the fourth quarter of each year. The first step of the impairment test, used to identify potential impairment compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, goodwill of the reporting unit is considered impaired, and step two of the impairment test must be performed. The second step of the impairment test quantifies the amount of the impairment loss by comparing the carrying amount of goodwill to the implied fair value. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its implied fair value.

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### Impairment of long – lived assets and intangible assets:

The company reviews its long-lived assets, including identifiable intangible assets with finite lives, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic climate. For assets that the company intends to hold for use, if the total of the expected future undiscounted cash flows produced by the assets or subsidiary company is less than the carrying amount of the assets, a loss is recognized for the difference between the fair value and carrying value of the assets. For assets the company intends to dispose of by sale, a loss is recognized for the amount by which the estimated fair value less cost to sell is less than the carrying value of the assets. Fair value is determined based on quoted market prices, if available, or other valuation techniques including discounted future net cash flows.

### Asset retirement obligations:

Asset retirement obligations associated with the Company's leasehold land are subject to the provisions of FAS No. 143 "Accounting for Asset Retirement Obligations" and related interpretation, FIN No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143". The lease agreements entered into by the Company may contain clauses requiring restoration of the leased site at the end of the lease term and therefore create asset retirement obligations. The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred and capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value of each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

### Foreign currency transactions:

Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency Indian Rupees at the rates of exchange in effect at the balance sheet date. Transactions in foreign currencies are recorded at rates ruling on the transaction dates. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholders' equity.

### Operating leases:

Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

### Capital leases:

Assets acquired under capital leases are capitalized as assets by the Company at the lower of the fair value of the leased property or the present value of the related lease payments or where applicable, the estimated fair value of such assets. Amortization of leased assets is computed on straight line basis over the useful life of the assets. Amortization charge for capital leases is included in depreciation expense.

### Recent Pronouncements:

The Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," an interpretation of FASB Statement No. 109 ("FIN 48") on April 1, 2007. FIN 48 clarifies the criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position may be recognized only if it is "more likely than not" that the position is sustainable based on its technical merits. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and

transition. In May 2007, the FASB issued Staff Position, FIN 48-1, “Definition of Settlement in FASB Interpretation No. 48” (FSP FIN 48-1) which provides guidance on how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 was effective with the initial adoption of FIN 48. The adoption of FIN 48 or FSP FIN 48-1 did not have a material effect on the Company’s financial condition or results of operations.

In September 2006, the FASB issued FAS No.157, “Fair Value Measurements” (FAS No. 157). FAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The Company’s adoption of this Standard on January 1, 2008 did not have a material effect on its financial statements. Relative to FAS 157, the FASB issued FASB Staff Positions (FSP) FAS 157-1, FAS 157-2, and FAS 157-3. FSP FAS 157-1 amends SFAS 157 to exclude SFAS No. 13, “Accounting for Leases” (SFAS 13), and its related interpretive accounting pronouncements that address leasing transactions, while FSP FAS 157-2 delays the effective date of the application of SFAS 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. FSP FAS 157-3 clarifies the application of FAS 157 as it relates to the valuation of financial assets in a market that is not active for those financial assets. This FSP is effective immediately and includes those periods for which financial statements have not been issued. We currently do not have any financial assets that are valued using inactive markets, and as such are not impacted by the issuance of this FSP.

In February 2007, the FASB issued FAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities— Including an amendment of FASB Statement No. 115” (FAS No. 159). FAS No. 159 provides companies with a choice to measure certain financial assets and liabilities at fair value that are not currently required to be measured at fair value (the “Fair Value Option”). Election of the Fair Value Option is made on an instrument-by-instrument basis and is irrevocable. The Company’s adoption of this Standard on January 1, 2008 did not have a material effect on its financial statements.

In December 2007, the Financial Accounting Standards Board released SFAS 160 “Non-controlling Interests in Consolidated Financial Statements” that is effective for annual periods beginning December 15, 2008. The pronouncement resulted from a joint project between the FASB and the International Accounting Standards Board and continues the movement toward the greater use of fair values in financial reporting. Upon adoption of SFAS 160, the Company will re-classify any non-controlling interests as a component of equity.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

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## Segment and Geographic Reporting:

India Globalization Capital, Inc. and its subsidiaries are significantly engaged in one segment, infrastructure construction. Since there is no Chief Officer who allocates resources as described in FAS No. 131, the Company is not required to report its operations by business segment reporting. All revenue reporting in the years ending March 31, 2009 and March 31, 2008 were earned solely in India. Therefore, no disclosures indicating source country revenue is provided in this annual report.

## NOTE E – SHORT TERM BORROWINGS &amp; CURRENT PORTION OF LONG-TERM DEBT

(Amounts in thousand US Dollars)

Short term debt for the consolidated companies consists of the following:

	As of March 31, 2009	As of March 31, 2008
Secured	\$2,502	\$ 4,556
Unsecured	249	3,306
Total	2,751	7,862
Add:		
C u r r e n t portion of long term debt	671	773
Total	\$3,422	\$ 8,635

The above debt is secured by hypothecation of materials/stock of spares, Work in Progress, receivables and property & equipment in addition to personal guarantee of three directors & collaterally secured by mortgage of company's land & other immovable properties of directors and their relatives.

## LONG TERM DEBT:

(Amounts in thousand US Dollars)

Long term debt for the consolidated companies consists of the following:

	As March 31, 2009	As of March 31, 2008
Secured	\$ -	\$ -
Term loans	-	632
Loan for assets p u r c h a s e d under capital lease	2,169	1,354
Total	2,169	1,986
Less: Current p o r t i o n ( P a y a b l e	671	773

within 1 year)		
Total	\$1,498	\$ 1,213

The secured loans were collateralized by:

- Unencumbered Net Asset Block of the Company
- Equitable mortgage of properties owned by promoter directors/ guarantors
- Term Deposits
- Hypothecation of receivables, assignment of toll rights, machineries and vehicles and collaterally secured by deposit of title deeds of land
- First charge on Debt-Service Reserve Account

#### NOTE F — RELATED PARTY TRANSACTIONS

From inception to March 31, 2009, \$50,000 was paid to SJS Associates for Mr. Selvaraj’s services. We entered into an agreement with SJS Associates on substantially the same terms subsequent to the stockholder’s approval of the acquisitions of Sricon and TBL. As a result of the new agreement, an additional \$3,871 was accrued as due to SJS Associates for the period between March 8, 2008 and March 31, 2008. This was paid to SJS Associates in the Company’s 2009 fiscal year.

The Company had agreed to pay Integrated Global Network, LLC (“IGN, LLC”), an affiliate of our Chief Executive Officer, Mr. Mukunda, an administrative fee of \$4,000 per month for office space and general and administrative services from the closing of the Public Offering through the date of a Business Combination. From inception to March 31, 2009, approximately \$144,000 was paid to IGN, LLC. During March of 2008, the Company and IGN, LLC agreed to continue the agreement on a month-to-month basis.

The Company uses the services of Economic Law Practice (ELP), a law firm in India. A member of our Board Directors is a Partner with ELP. Since inception to March 31, 2009, the Company has incurred \$186,303 for legal services provided by ELP.

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## NOTE G — COMMON STOCK

On August 24, 2005, the Company's Board of Directors authorized a reverse stock split of one share of common stock for each two outstanding shares of common stock and approved an amendment to the Company's Certificate of Incorporation to decrease the number of authorized shares of common stock to 75,000,000. All references in the accompanying financial statements to the number of shares of stock have been retroactively restated to reflect these transactions. On March 7, 2008 we redeemed and bought a total of 6,159,346 shares at \$5.94 per share. At March 31, 2008 and 2007 we had 8,570,107 and 13,974,500 shares of common stock issued and outstanding respectively. At March 31, 2008 and 2007, 24,874,000 shares of common stock, were reserved for issuance upon exercise of redeemable warrants, underwriters' purchase option and warrants issued to Oliveira Capital, LLC. At March 31, 2009 we had 10,091,171 shares of common stock issued and outstanding.

## NOTE H – INCOME TAXES

The provision for income taxes for the year ended March 31, 2009 and the period ended March 31, 2008 consists of the following:

	March 31,	
	2009	2008
Current:		
Federal	\$ 61,355	\$ 708,868
Foreign	1,396,248	(370,355)
State	0	-
Net Current	1,457,603	338,513
Deferred:		
Federal	10,322	(748,894)
Foreign	95,824	420,368
State	0	66,103
Net Deferred	106,146	(262,424)
Total tax provision	\$ 1,563,750	\$ 76,089

The total tax provision for income taxes for year ended March 31, 2009 and the period ended March 31, 2008 differs from that amount which would be computed by applying the U.S. Federal income tax rate to income before provision for income taxes as follows:

	March 31,	
	2009	2008
Statutory Federal income tax rate	34%	34%
State tax benefit net of federal tax	0%	(0.8)%
Increase in state valuation allowance	0%	0.8%
	34%	34.0%



Effective  
income tax rate

	March 31,	
	2009	2008
Operating costs deferred for income tax purposes	\$ (183,129)	\$ 184,570
Interest income deferred for reporting purposes	0	95,792
Difference between accrual accounting for reporting purposes and cash accounting for tax purposes	599,802	235,665
Less: Valuation Allowance	(108,041)	(110,951)
Net deferred tax asset	\$ 309,252	\$ 405,076

The Company has recorded a valuation allowance against the state deferred tax asset since they cannot determine realizability for tax purposes and therefore cannot conclude that the deferred tax asset is more likely than not recoverable at this time.

#### NOTE I — COMMITMENTS AND CONTINGENCY

The Founders will be entitled to registration rights with respect to their shares of common stock acquired prior to the Public Offering and the shares of common stock they purchased in the Private Placement pursuant to an agreement executed on March 3, 2006. The holders of the majority of these shares are entitled to make up to two demands that the Company register these shares at any time after the date on which the lock-up period expires. In addition, the Founders have certain “piggy-back” registration rights on registration statements filed subsequent to the anniversary of the effective date of the Public Offering.

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NOTE J – INVESTMENT ACTIVITIES

Contract Agreement between IGC, CWEL, AMTL and MAIL

As previously disclosed in our Form 8-K dated May 2, 2007 and Form 10-QSB for the quarterly period ended June 30, 2007, on April 29, 2007, the Company entered into a Contract Agreement Dated April 29, 2007 (“CWEL Purchase Agreement”) with CWEL, Arul Mariamman Textiles Limited (AMTL), and Marudhavel Industries Limited (MAIL), collectively CWEL. Pursuant to the CWEL Purchase Agreement, the Company or its subsidiary in Mauritius will acquire 100% of a 24-mega watt wind energy farm, consisting of 96 250-kilowatt wind turbines, located in Karnataka, India to be manufactured by CWEL.

CWEL is a manufacturer and supplier of wind operated electricity generators, towers and turnkey implementers of wind energy farms. On May 22, 2007, the Company made a down payment of approximately \$250,000 to CWEL. Pursuant to the First Amendment dated August 20, 2007 (as previously disclosed in the Company’s Form 8-K dated August 22, 2007), if the Company does not consummate the transaction with CWEL, approximately \$187,500 will be returned to the Company.

The Company is contemplating pursuing this and similar opportunities in the alternative energy space if it is able to obtain adequate funding from the exercise of warrants, debt or other means.

NOTE K – BUSINESS COMBINATION

As previously disclosed in our Form 8-K dated September 21, 2007 and Form 10-QSB for the quarterly period ended June 30, 2007, on September 21, 2007, the Company entered into a Share Subscription cum Purchase Agreement (the “Sricon Subscription Agreement”) dated as of September 15, 2007 with Sricon Infrastructure Private Limited (“Sricon”) and certain individuals (collectively, the “Sricon Promoters”), pursuant to which the Company or its subsidiary in Mauritius (IGC-M) will acquire (the “Sricon Acquisition”) 4,041,676 newly-issued equity shares (the “New Sricon Shares”) directly from Sricon for approximately \$26 million and 351,840 equity shares from Mr. R. L. Srivastava for approximately \$3 million (both based on an exchange rate of INR 40 per USD) so that at the conclusion of the transactions contemplated by the Sricon Subscription Agreement the Company would own approximately 63% of the outstanding equity shares of Sricon. Effectively, the purchase price of \$26 million was funded with approximately \$8.1 million in cash and a note for \$17.9 million (computed at an exchange rate of approximately 40 INR to \$1 USD). Failure to repay the note or negotiate a settlement could result in IGC having to decrease its ownership in Sricon by tendering all or a portion of the Sricon shares it owns to Sricon to repay the note. The Sricon Acquisition was consummated on March 7, 2008.

As previously disclosed in our Form 8-K dated September 21, 2007 and Form 10-QSB for the quarterly period ended June 30, 2007, on September 21, 2007, the Company entered into a Share Subscription Agreement (the “TBL Subscription Agreement”) dated as of September 16, 2007 with Techni Bharathi Limited (“TBL”) and certain individuals (collectively, the “TBL Promoters”), pursuant to which the Company through its subsidiary in Mauritius (IGC-M) acquired (the “TBL Acquisition”) 7,150,000 newly-issued company stock for approximately \$6.9 million, 1,250,000 newly-issued convertible preference shares for approximately \$3.13 million (both at an exchange rate of INR 40 per USD; collectively, the “New Shares”) directly from TBL and 5,000,000 convertible preference shares from Odeon, a Singapore based holder of TBL securities, for approximately \$2 million. With the conclusion of this transaction, on March 7, 2008 the Company owns approximately 77%, of the outstanding equity shares of TBL.

NOTE L – PRIVATE PLACEMENT OF PROMISSORY NOTES

Private Placement Offering of Secured Promissory Notes (the “Bridge Offering”)

As previously disclosed in our Form 8-K dated December 27, 2007, we conducted a private placement offering of secured promissory notes (the “Notes”) for an aggregate principal amount of \$7,275,000 (the “Bridge Offering”). The Notes bear interest at a rate equal to 5% per annum from the date of issuance (January 10, 2008) until paid in full. The Notes were repaid in full on March 19, 2008.

On March 7, 2008 the Company, issued 754,953 shares of common stock to the holders of the Notes on a pro rata basis and recorded the cost of the shares as an expense based on the closing price of the company’s stock on March 7, 2008. The expense associated with the issuance of the shares is about \$3,170,806.

#### NOTE M – VALUATION OF WARRANTS ISSUED TO OLIVEIRA CAPITAL, LLC

We account for derivative instruments and embedded derivative instruments in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended. The amended standard requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure these instruments at fair value. Fair value is estimated using the Black-Scholes Pricing model. We also follow EITF Issue No. 00-19, Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company’s Own Stock, which requires freestanding contracts that are settled in a company’s own stock, including common stock warrants, to be designated as an equity instrument, asset or a liability. Under the provisions of EITF Issue No. 00-19, a contract designated as an asset or a liability must be carried at fair value, with any changes in fair value recorded in the results of operations. A contract designated as an equity instrument can be included in equity, with no fair value adjustments are required.

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As previously disclosed, the Company sold a promissory note and 425,000 warrants to Oliveira Capital, LLC for \$3,000,000. Each warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 and expires five years from the date of issuance. The Company has determined, based upon a Black-Scholes model, that the fair value of the warrants on the date of issuance would approximately be \$ 1,235,000 using an expected life of five years, volatility of 46% and a risk-free interest rate of 4.8%. This amount is accounted for as a discount of the notes payable to Oliveira Capital, LLC.

We computed volatility for a period of five years. For approximately the first four years, we used the trading history of two representative companies that are listed on the Indian Stock exchange. For approximately one year, the trading history of the Company's common stock was used. The average volatility of the combined data extending over five years was calculated as 46%. Management believes that this volatility is a reasonable benchmark to use in estimating the value of the warrants.

NOTE N – SPAC RELATED EXPENSES

As of March 31, 2008 we incurred about \$5.765 Million of SPAC related expenses, and about \$1.9 Million of SPAC interest related expenses, mostly as one-time expenses. The major expenses are as follows: 1) Approximately \$3.1 Million was non-cash expenses associated with the award of stock to the Bridge investors. 2) Approximately \$1.5 Million was paid to Ferris Baker Watts, of which \$.9 Million was expensed as the services rendered by them related to acquisitions that we did not close. 3) Approximately \$.469 Million relates to the bridge loan from Oliveira Capital, LLC , and 5) approximately \$.5 Million was incurred for legal and professional fees for two bridge loans and several acquisitions that we did not close. In addition, we incurred about \$1.23 Million in non-cash interest related expenses for the warrants issued to Oliveira Capital.

NOTE O – SUBSEQUENT EVENTS

IGC-Mauritius has beneficially formed a company called IGC Materials, Private Limited based in India. At the completion of the formalities, in the month of July 2009, IGC-Mauritius will beneficially own 100% of the shares of IGC Materials, Private Limited, which will conduct IGC's rock aggregate and materials business.

IGC India Mining & Trading, a wholly owned subsidiary of IGC- Mauritius, has received a line of credit from State Bank of Mysore with the following parameters:

- a) Letter of Credit - USD 1 million (USD 1 = INR 50);
- b) Forward Contract - USD 1 million (USD 1 = INR 50); and
- c) Foreign Demand Bills Payable / Foreign Usance Bills Payable - USD 1 million (USD 1 = INR 50).

The line of credit is secured by a corporate guarantee from IGC Mauritius, V. C. Homes (an associate company of the promoters of TBL), and a personal guarantee of Mr. Pious Abraham (associate of TBL promoters). The rate of interest is 1.25% above bank's prime lending rate with a minimum of interest rate of 14.25%. The line is used to provide back to back letters of credit for iron ore contracts.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the fiscal period to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9A(T). Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ("Exchange Act"), the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (the Company's principal financial and accounting officer), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, March 31, 2009. Based upon that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting, as of March 31, 2009 based on the criteria in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon this evaluation, our management concluded that our internal control over financial reporting was effective as of March 31, 2009.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the year ended March 31, 2009, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the Company's CEO and CFO, does not expect that the Company's internal control over financial reporting will prevent all errors and all fraud. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Item 9B. Other Information

None.

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## PART III

## Item 10. Directors and Executive Officers of the Company and Corporate Governance

The board of directors, executive officers, advisors and key employees are as follows:

## Directors, Executive Officers and Special Advisors of IGC

Name	Age	Position
Dr. Ranga Krishna	45	Chairman of the Board
Ram Mukunda	51	Chief Executive Officer, Executive Chairman, President and Director
John Selvaraj	65	Principal Accounting Officer
Sudhakar Shenoy	62	Director
Richard Prins	52	Director
Suhail Nathani	44	Director
Larry Pressler	67	Special Advisor
Howard Gutman	51	Special Advisor
P.G. Kakodkar	73	Special Advisor
Shakti Sinha	53	Special Advisor
Dr. Prabuddha Ganguli	60	Special Advisor
Dr. Anil K. Gupta	60	Special Advisor

## Directors and Executive Officers of Sricon

Name	Age	Position
Ravindralal Srivastava	56	Chairman and Managing Director
Ram Mukunda	51	Director

## Directors and Executive Officers of TBL

Name	Age	Position
Jortin Antony	43	Managing Director
M. Santhosh Kumar	44	General Manager of Accounting
Ram Mukunda	51	Director

Ranga Krishna, has served as our Chairman of the Board since December 15, 2005. Dr. Krishna previously served as a Director from May 25, 2005 to December 15, 2005 and as our Special Advisor from April 29, 2005 through June 29, 2005. In 1998, he founded Rising Sun Holding, LLC, a \$120 million construction and land banking company. In September 1999, he co-founded Fastscribe, Inc., an Internet-based medical and legal transcription company with its operations in India with over 200 employees. He has served as a director of Fastscribe since September 1999. He is currently the Managing Partner. In February 2003, Dr. Krishna founded International Pharma Trials, Inc., a company with operations in India and over 150 employees, which assists U.S. pharmaceutical companies performing Phase II clinical trials in India. He is currently the Chairman and CEO of that company. In April 2004, Dr. Krishna founded Global Medical Staffing Solutions, Inc., a company that recruits nurses and other medical professionals from India and places them in U.S. hospitals. Dr. Krishna is currently serving as the Chairman and CEO of that company. On November 7, 2008 he joined the board of TransTech Service Partners, a SPAC which initiated liquidation on May 23rd, 2009. Dr. Krishna is a member of several organizations, including the American Academy of Neurology and the Medical Society of the State of New York. He is also a member of the Medical Arbitration panel for the New York

State Worker's Compensation Board. Dr. Krishna was trained at New York's Mount Sinai Medical Center (1991-1994) and New York University (1994-1996).

Ram Mukunda has served as our Chief Executive Officer, President and a Director since our inception on April 29, 2005 and was Chairman of the Board from April 29, 2005 through December 15, 2005. Since September 2004 Mr. Mukunda has served as Chief Executive Officer of Integrated Global Networks, LLC, a communications contractor in the U.S. Government. From January 1990 to May 2004, Mr. Mukunda served as Founder, Chairman and Chief Executive Officer of Startec Global Communications, an international telecommunications carrier focused on providing voice over Internet protocol (VOIP) services to the emerging economies. Startec was among the first carriers to have a direct operating agreement with India for the provision of telecom services. Mr. Mukunda was responsible for the organizing, structuring, and integrating a number of companies owned by Startec. Many of these companies provided strategic investments in India-based operations or provided services to India-based companies. Under Mr. Mukunda's tenure at Startec, the company made an initial public offering of its equity securities in 1997 and conducted a public high-yield debt offering in 1998. Mr. Mukunda was responsible for the restructuring of Startec after the company filed for protection under Chapter 11 in December 2001. Startec emerged from Chapter 11 in 2004.

From June 1987 to January 1990, Mr. Mukunda served as Strategic Planning Advisor at INTELSAT, a provider of satellite capacity. Mr. Mukunda serves on the Board of Visitors at the University of Maryland School of Engineering. From 2001-2003, he was a Council Member at Harvard's Kennedy School of Government, Belfer Center of Science and International Affairs. Mr. Mukunda is the recipient of several awards, including the University of Maryland's 2001 Distinguished Engineering Alumnus Award and the 1998 Ernst & Young, LLP's Entrepreneur of the Year Award. He holds B.S. degrees in electrical engineering and mathematics and a MS in Engineering from the University of Maryland.



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John B. Selvaraj has served as our Treasurer and Principal Accounting Officer since November 27, 2006. From November 15, 1997 to August 10, 2007, Mr. Selvaraj served in various capacities with Startec, Inc., including from January 2001 to April 2006 as Vice President of Finance and Accounting where he was responsible for SEC reporting and international subsidiary consolidation. Prior to joining Startec, from July 1984 to December 1994, Mr. Selvaraj served as the Chief Financial and Administration Officer for the US office of the European Union. In 1969, Mr. Selvaraj received a BBA in Accounting from Spicer Memorial College India, and an Executive MBA, in 1993, from Averette University, Virginia. Mr. Selvaraj is a Chartered Accountant (CA, 1971).

Sudhakar Shenoy, has served as our Director since May 25, 2005. Since January 1981, Mr. Shenoy has been the Founder, Chairman and CEO of Information Management Consulting, Inc., a business solutions and technology provider to the government, business, health and life science sectors. Mr. Shenoy is a member of the Non Resident Indian Advisory Group that advises the Prime Minister of India on strategies for attracting foreign direct investment. Mr. Shenoy was selected for the United States Presidential Trade and Development Mission to India in 1995. From 2002 to June 2005 he served as the chairman of the Northern Virginia Technology Council. In 1970, Mr. Shenoy received a B. Tech (Hons.) in electrical engineering from the Indian Institute of Technology. In 1971 and 1973, he received an M.S. in electrical engineering and an M.B.A. from the University of Connecticut Schools of Engineering and Business Administration, respectively.

Richard Prins, has served as our Director since May 2007. Since March 1996, he has been the Director of Investment Banking at Ferris, Baker Watts, Incorporated (FBW was the lead underwriter for our IPO). Prior to Ferris, Baker Watts, from July 1988 to March 1996, Mr. Prins was Senior Vice President and Managing Director for the Investment Banking Division of Crestar Financial Corporation (SunTrust Banks). From 1993 to 1998, he was with the leveraged buy out firm of Tuscarora Corporation. Since February 2003, he has been on the board of Amphastar Pharma and since April 2006 he has been on the board of Advancing Native Missions, a non-profit. Mr. Prins holds a B.A. degree from Colgate University (1980), and an M.B.A. from Oral Roberts University (1983).

Suhail Nathani, has served as our Director since May 25, 2005. Since September 2001, he has served as a partner at the Economics Laws Practice in India, which he co-founded. The 25-person firm focuses on consulting, general corporate law, tax regulations, foreign investments and issues relating to the World Trade Organization (WTO). From December 1998 to September 2001, Mr. Nathani was the Proprietor of the Strategic Law Group, also in India, where he practiced telecommunications law, general litigation and licensing.

Mr. Nathani earned a LLM in 1991 from Duke University School of Law. In 1990 Mr. Nathani graduated from Cambridge University with a MA (Hons) in Law. In 1987, he graduated from Sydenham College of Commerce and Economics, Bombay, India.

**Sricon & TBL Management**

Rabindralal B. Srivastava is Founder and Chairman of Sricon. In 1974, he started his career at Larsen and Toubro (L&T), one of India's premier engineering and construction companies. In 1994, his company, Vijay Engineering, became a civil engineering sub-contractor to L&T. He worked as a sub-contractor for L&T in Haldia, West Bengal and Tuticorin in South India among others. Under his leadership, Vijay Engineering expanded to include civil engineering and construction of power plants, water treatment plants, steel mills, sugar plants and mining. In 1996, Mr. Srivastava founded Srivastava Construction Limited, which in 2004 changed its name to Sricon Infrastructure to address the larger infrastructure needs in India like highway construction. He merged Vijay Engineering and Sricon in 2004. Mr. Srivastava graduated with a BS from Banaras University in 1974. Mr. Srivastava founded Hi-tech Pro-Oil Complex in 1996. The company is involved in the extraction of soy bean oil. He founded Aurobindo Laminations Limited in 2003. The company manufactures laminated particleboards.

Jortin Antony, has been the Managing Director of TBL since 2000. Prior to that, he held various positions at Bhagheeratha starting as a management trainee in 1991. From 1997 to 2000, he was the Director of Projects at Bhagheeratha. In 2003, Mr. Jortin Antony was awarded the Young Entrepreneur Award from the Rashtra Deepika. He graduated with a B.Eng, in 1991, from Bangalore Institute of Technology, University of Bangalore.

M Santhosh Kumar, has been with TBL since 1991. Since 2008 he has been the General Manager of Accounting and Finance. From 2002 to January 2008 he has been the Deputy Manager (Finance and Accounting). From 2000 to 2002, he was the Marketing Executive for Techni Soft (India) Limited, a subsidiary of Techni Bharathi Limited. From 1991 to 2000, he held various positions at TBL in the Finance and Accounting department. From 1986 to 1991, he worked as an accountant in the Chartered Account firm of Balan and Company. In 1986 Mr. Santhosh Kumar graduated with a BA in Commerce from, Gandhi University, Kerala, India.

#### Special Advisors

Senator Larry Pressler has served as our Special Advisor since February 3, 2006. Since leaving the U.S. Senate in 1997, Mr. Pressler has been a combination of businessman, lawyer, corporate board director and lecturer at universities. From March 2002 to present, he has been a partner in the New York firm, Brock law Partners. He was a law partner with O'Connor & Hannan from March 1997 to March 2002.

From 1979 to 1997, Mr. Pressler served as a member of the United States Senate. He served as the Chairman of the Senate Commerce Committee on Science and Transportation, and the Chairman of the Subcommittee on Telecommunications (1994 to 1997). From 1995 to 1997, he served as a Member of the Committee on Finance and from 1981 to 1995 on the Committee on Foreign Relations. From 1975 to 1979, Mr. Pressler served as a member of the United States House of Representatives. Among other bills, Senator Pressler authored the Telecommunications Act of 1996. As a member of the Senate Foreign Relations Committee, he authored the "Pressler Amendment," which became the parity for nuclear weapons in Asia from 1980 to 1996.

In 2000, Senator Pressler accompanied President Clinton on a visit to India. He is a frequent traveler to India where he lectures at universities and business forums. He is a member of several boards of Indian and US companies including the board of directors for Infosys Technologies, Inc. (INFY). He serves on the board of directors for The Philadelphia Stock Exchange and Flight Safety Technologies, Inc. (FLST). From 2002 to 2005 he served on the board of advisors at Chrys Capital, a fund focused on investments in India. He was on the board of directors of Spectramind from its inception in 1999 until its sale to WIPRO, Ltd (WIT) in 2003.

In 1971, Mr. Pressler earned a Juris Doctor from Harvard Law School and a Masters in Public Administration from the Kennedy School of Government at Harvard. From 1964 to 1965 he was a Rhodes Scholar at Oxford University, England where he earned a diploma in public administration. Mr. Pressler is a Vietnam war veteran having served in the U.S. Army in Vietnam in 1967-68. He is an active member of the Veterans of Foreign Wars Association.

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Howard Gutman has served as our Special Advisor since April 5, 2007. Although he is not serving as an attorney for the Company, Mr. Gutman has been a lawyer in Washington D.C. for twenty-five years. Mr. Gutman rejoined Williams & Connolly in October 1986 and became a partner in 1988. He remains a partner at the firm today (although the firm has no role with the Company), where he is a business litigator.

From May 1985 to October 1986, he was Special Assistant to the Director William H. Webster of the Federal Bureau of Investigation. From October 1982 to May 1985, Mr. Gutman was an associate at the law firm of Williams & Connolly. Mr. Gutman has been active in Democratic politics for 20 years having served as an advisor to candidates for President, Governor, and Congress. He assisted the Gore campaign in Florida in 2000. Since 1983, Mr. Gutman has been an Associate Editor of Litigation Magazine and an active participant in the ABA's Litigation Section. He has also appeared on several episodes of the HBO series "K Street."

Mr. Gutman graduated from Columbia University with a B.A. Summa Cum Laude in 1977 and from the Harvard Law School, Magna Cum Laude in 1980. From September 1980-September 1981, he served as a Law Clerk to The Honorable Irving L. Goldberg of the United States Court of Appeals for the Fifth Circuit. From September 1981-September 1982, Mr. Gutman served as Law Clerk to The Honorable Potter Stewart, (ret'd), United States Supreme Court.

P. G. Kakodkar has served as our Special Advisor since February 3, 2006. Mr. Kakodkar serves on the boards of several Indian companies, many of which are public in India. Since January of 2005 he has been a member of the board of directors of State Bank of India (SBI) Fund Management, Private Ltd., which runs one of the largest mutual funds in India. Mr. Kakodkar's career spans 40 years at the State Bank of India. He served as its Chairman from October 1995 to March 1997. Prior to his Chairmanship, he was the Managing Director of State Bank of India (SBI) Fund Management Private Ltd., which operates the SBI Mutual Fund.

Since July 2005, he has served on the board of directors of the Multi Commodity Exchange of India. Since April 2000, he has been on the board of Mastek, Ltd, an Indian software house specializing in client server applications. In June 2001, he joined the board of Centrum Capital Ltd, a financial services company. Since March 2000, he has been on the board of Sesa Goa Ltd., the second largest mining company in India. In April 2000, he joined the board at Uttam Galva Steel and in April 1999 he joined the board of Goa Carbon Ltd, a manufacturer-exporter of petcoke. Mr. Kakodkar received a BA from Karnataka University and an MA from Bombay University in economics, in 1954 and 1956, respectively. Mr. Kakodkar currently is an advisor to Societe Generale, India, which is an affiliate of SG Americas Securities, LLC and one of the underwriters of the our IPO.

Shakti Sinha, has served as our Special Advisor since May 25, 2005. Since July 2004, Mr. Sinha has been working as a Visiting Senior Fellow, on economic development, with the Government of Bihar, India. From January 2000 to June 2004, he was a Senior Advisor to the Executive Director on the Board of the World Bank. From March 1998 to November 1999, he was the Private Secretary to the Prime Minister of India. He was also the Chief of the Office of the Prime Minister. Prior to that he has held high level positions in the Government of India, including from January 1998 to March 1998 as a Board Member responsible for Administration in the Electricity Utility Board of Delhi. From January 1996 to January 1998, he was the Secretary to the Leader of the Opposition in the lower house of the Indian Parliament. From December 1995 to May 1996, he was a Director in the Ministry of Commerce. In 2002, Mr. Sinha earned a M.S. in International Commerce and Policy from the George Mason University, USA. In 1978 he earned a M.A. in History from the University of Delhi and in 1976 he earned a BA (Honors) in Economics from the University of Delhi.

Prabuddha Ganguli has served as our Special Advisor since May 25, 2005. Since September 1996, Dr. Ganguli has been the CEO of Vision-IPR. The company offers management consulting on the protection of intellectual property rights. His clients include companies in the pharmaceutical, chemical and engineering industries. He is an adjunct

professor of intellectual property rights at the Indian Institute of Technology, Bombay. Prior to 1996, from August 1991 to August 1996, he was the Head of Information Services and Patents at the Hindustan Lever Research Center. In 1986, he was elected as a fellow to the Maharashtra Academy of Sciences. In 1966, he received the National Science Talent Scholarship (NSTS). In 1977, he was awarded the Alexander von Humboldt Foundation Fellow (Germany). He is Honorary Scientific Consultant to the Principal Scientific Adviser to the Government of India. He is a Member of the National Expert Group on Issues linked to Access to Biological materials vis-à-vis TRIPS and CBD Agreements constituted by the Indian Ministry of Commerce and Industry. He is also a Member of the Editorial Board of the intellectual property rights journal “World Patent Information” published by Elsevier Science Limited, UK. He is a Consultant to the World Intellectual Property Organization (WIPO), Geneva in intellectual property rights capability building training programs in various parts of the world. In 1976, Dr. Ganguli received a PhD from the Tata Institute of Fundamental Research, Bombay in chemical physics. In 1971, he received a M.Sc. in Chemistry from the Indian Institute of Technology (Kanpur) and in 1969 he earned a BS from the Institute of Science (Bombay University).

Anil K. Gupta has served as our Special Advisor since May 25, 2005. Dr. Gupta has been Professor of Strategy and Organization at the University of Maryland since 1986. He has been Chair of the Management & Organization Department, Ralph J. Tyser Professor of Strategy and Organization, and Research Director of the Dingman Center for Entrepreneurship at the Robert H. Smith School of Business, The University of Maryland at College Park, since July 2003. Dr. Gupta earned a Bachelor of Technology from the Indian Institute of Technology in 1970, an MBA from the Indian Institute of Management in 1972, and a Doctor of Business Administration from the Harvard Business School in 1980. Dr. Gupta has served on the board of directors of NeoMagic Corporation (NMGC) since October 2000 and has previously served as a director of Omega Worldwide (OWWP) from October 1899 through August 2003 and Vitalink Pharmacy Services (VTK) from July 1992 through July 1999.

#### Board of Directors

Our board of directors is divided into three classes (Class A, Class B and Class C) with only one class of directors being elected in each year and each class serving a three-year term. The term of office of the Class A directors, consisting of Mr. Nathani and Mr. Shenoy, will expire at our fourth annual meeting of stockholders. The term of office of the Class B directors, consisting of Mr. Prins and Dr. Krishna, will expire at the second annual meeting of stockholders. The term of office of the Class C director, consisting of Mr. Mukunda, will expire at the third annual meeting of stockholders. These individuals have played a key role in identifying and evaluating prospective acquisition candidates, selecting the target businesses, and structuring, negotiating and consummating the acquisition. The NYSE Alternext, where we are listed, has rules mandating that the majority of the board be independent. Our board of directors will consult with counsel to ensure that the boards of directors’ determinations are consistent with those rules and all relevant securities laws and regulations regarding the independence of directors. The Alternext listing standards define an “independent director” generally as a person, other than an officer of a company, who does not have a relationship with the company that would interfere with the director’s exercise of independent judgment. Consistent with these standards, the board of directors has determined that Messrs. Krishna, Shenoy and Nathani are independent directors.

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### Committee of the Board of Directors

Our Board of Directors has established an Audit Committee currently composed of two independent directors who report to the Board of Directors. Messrs. Krishna and Shenoy, each of whom is an independent director under the NYSE Alternext's listing standards, serve as members of our Audit Committee. In addition, we have determined that Messrs. Krishna and Shenoy are "audit committee financial experts" as that term is defined under Item 407 of Regulation S-B of the Securities Exchange Act of 1934, as amended. The Audit Committee is responsible for meeting with our independent accountants regarding, among other issues, audits and adequacy of our accounting and control systems. We intend to locate and appoint at least one additional independent director to our Audit Committee to increase the size of the Audit Committee to three members.

The Audit Committee will monitor our compliance on a quarterly basis with the terms of our initial public offering. If any noncompliance issues are identified, then the Audit Committee is charged with the responsibility to take immediately all action necessary to rectify such noncompliance or otherwise cause compliance with our initial public offering. The Board currently does not have a nominating and corporate governance committee. However, the majority of the independent directors of the Board make all nominations.

### Audit Committee Financial Expert

The Audit Committee will at all times be composed exclusively of "independent directors" who are "financially literate" as defined under the NYSE Alternext listing standards. The NYSE Alternext listing standards define "financially literate" as being able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.

In addition, we must certify to the NYSE Alternext that the Audit Committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. The Board of Directors has determined that Messrs. Krishna and Shenoy satisfy the NYSE Alternext's definition of financial sophistication and qualify as "audit committee financial experts," as defined under rules and regulations of the Securities and Exchange Commission.

### Compensation Committee

Our Board of Directors has established a Compensation Committee composed of two independent directors, Messrs. Krishna and Shenoy and one non-independent director Richard Prins. The Board determined that Richard Prins is not a current officer or employee or an immediate family member of such person. The Board deemed Mr. Prins to be non-independent because his firm Ferris Baker Watts received compensation for the IPO and bridge financing. The Board, however, determined that the best interests of the Company and its shareholders require his membership on the compensation committee, as Mr. Prins brings a great deal of prior experience with memberships on public compensation committees. The Board used the exception provided under Section 805 (b) of the Alternext Company Guide in appointing Richard Prins to the Compensation Committee. The compensation committee's purpose will be to review and approve compensation paid to our officers and directors and to administer the Stock Plan.

### Nominating and Corporate Governance Committee

We intend to establish a nominating and corporate governance committee. The primary purpose of the nominating and corporate governance committee will be to identify individuals qualified to become directors, recommend to the board of directors the candidates for election by stockholders or appointment by the board of directors to fill a vacancy, recommend to the board of directors the composition and chairs of board of directors committees, develop and

recommend to the board of directors guidelines for effective corporate governance, and lead an annual review of the performance of the board of directors and each of its committees.

We do not have any formal process for stockholders to nominate a director for election to our board of directors. Currently, nominations are selected or recommended by a majority of the independent directors as stated in Section 804 (a) of the Alternext Company Guide. Any stockholder wishing to recommend an individual to be considered by our board of directors as a nominee for election as a director should send a signed letter of recommendation to the following address: India Globalization Capital, Inc. c/o Corporate Secretary, 4336 Montgomery Avenue, Bethesda, MD 20817. Recommendation letters must state the reasons for the recommendation and contain the full name and address of each proposed nominee as well as a brief biographical history setting forth past and present directorships, employments, occupations and civic activities. A written statement should accompany any such recommendation from the proposed nominee consenting to be named as a candidate and, if nominated and elected, consenting to serve as a director. We may also require a candidate to furnish additional information regarding his or her eligibility and qualifications. The board of directors does not intend to evaluate candidates proposed by stockholders differently than it evaluates candidates that are suggested by our board members, execution officers or other sources.

#### Code of Conduct and Ethics

We have adopted a code of conduct and ethics applicable to our directors, officers and employees in accordance with applicable federal securities laws and the rules of the NYSE Alternext. We have filed the code of conduct and ethics as Exhibit 99.1 to our Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on March 2, 2006.

#### Board Meetings

During the fiscal year ended March 31, 2009, our board of directors held four meetings. Although we do not have any formal policy regarding director attendance at our annual meetings, we attempt to schedule our annual meetings so that all of our directors can attend. During the fiscal year ended March 31, 2009, all of our directors attended 100% of the meetings of the board of directors.

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### Compensation of Directors

Our directors do not currently receive any cash compensation for their service as members of the board of directors. We anticipate that in the near future we will pay varying levels of compensation to the current and newly elected non-employee directors of the Company for their services as directors in the future based on their eligibility to be members of our audit and compensation committees. We anticipate determining director compensation in accordance with industry practice and standards.

We pay IGN, LLC, an affiliate of Mr. Mukunda, \$4,000 per month for office space and certain general and administrative services. Mr. Mukunda is the Chief Executive Officer of IGN, LLC. We believe, based on rents and fees for similar services in the Washington, DC metropolitan area that the fee charged by IGN LLC is at least as favorable as we could have obtained from an unaffiliated third party. The agreement is on a month-to-month basis and may be terminated by the board with out notice.

### Section 16 (a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and persons who beneficially own more than 10% of our common stock to file reports of their ownership of shares with the Securities and Exchange Commission. Such executive officers, directors and stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file. Based solely upon review of the copies of such reports received by us, our senior management believes that all reports required to be filed under Section 16(a) for the fiscal year ended March 31, 2009 were filed in a timely manner.

### Item 11. Executive Compensation

#### Compensation Discussion and Analysis

##### Overview of Compensation Policy

The Company's Compensation Committee is empowered to review and approve, or in some cases recommend for the approval of the full Board of Directors the annual compensation for the executive officers of the Company. This Committee has the responsibility for establishing, implementing, and monitoring the Company's compensation strategy and policy. Among its principal duties, the Committee ensures that the total compensation of the executive officers is fair, reasonable and competitive.

##### Objectives and Philosophies of Compensation

The primary objective of the Company's compensation policy, including the executive compensation policy, is to help attract and retain qualified, energetic managers who are enthusiastic about the Company's mission and products. The policy is designed to reward the achievement of specific annual and long-term strategic goals aligning executive performance with company growth and shareholder value. In addition, the Board of Directors strives to promote an ownership mentality among key leaders and the Board of Directors.

##### Setting Executive Compensation

The compensation policy is designed to reward performance. In measuring executive officers' contribution to the Company, the Compensation Committee considers numerous factors including the Company's growth and financial performance as measured by revenue, gross margin and net income before taxes among other key performance indicators.

Regarding most compensation matters, including executive and director compensation, management provides recommendations to the Compensation Committee; however, the Compensation Committee does not delegate any of its functions to others in setting compensation. The Compensation Committee does not currently engage any consultant related to executive and/or director compensation matters.

Stock price performance has not been a factor in determining annual compensation because the price of the Company's common stock is subject to a variety of factors outside of management's control. The Company does not subscribe to an exact formula for allocating cash and non-cash compensation. However, a significant percentage of total executive compensation is performance-based. Historically, the majority of the incentives to executives have been in the form of non-cash incentives in order to better align the goals of executives with the goals of stockholders.

#### Elements of Company's Compensation Plan

The principal components of compensation for the Company's executive officers are:

- base salary
- performance-based incentive cash compensation
- right to purchase the company's stock at a preset price (stock options)
- retirement and other benefits



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### Base Salary

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for named executive officers are determined for each executive based on his or her position and responsibility.

During its review of base salaries for executives, the Committee primarily considers:

- market data;
- internal review of the executives' compensation, both individually and relative to other officers; and
- individual performance of the executive.

Salary levels are typically evaluated annually as part of the Company's performance review process as well as upon a promotion or other change in job responsibility.

### Performance-Based Incentive Compensation

The management incentive plan gives the Committee the latitude to design cash and stock-based incentive compensation programs to promote high performance and achievement of corporate goals, encourage the growth of stockholder value and allow key employees to participate in the long-term growth and profitability of the Company. So that stock-based compensation may continue to be a viable part of the Company's compensation strategy, management is currently seeking shareholder approval of a proposal to increase the number of shares of Company common stock reserved for issuance pursuant to the Company's Stock Plan.

### Ownership Guidelines

To directly align the interests of the Board of Directors with the interests of the stockholders, the Committee recommends that each Board member maintain a minimum ownership interest in the Company. Currently, the Compensation Committee recommends that each Board member own a minimum of 5,000 shares of the Company's common stock with such stock to be acquired within a reasonable time following election to the Board.

### Stock Option Program

The Stock Option Program assists the Company to:

- enhance the link between the creation of stockholder value and long-term executive incentive compensation;
- provide an opportunity for increased equity ownership by executives; and
- maintain competitive levels of total compensation.

Stock option award levels will be determined based on market data and will vary among participants based on their positions within the Company and are granted at the Committee's regularly scheduled meeting. We anticipate that options will be awarded at the NYSE Alternext's closing price of the Company's Common Stock on the date of the grant. As of March 31, 2009, we had not granted any stock options under our Stock Plan.

### Perquisites and Other Personal Benefits

The Company provides some executive officers with perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program to better enable the Company to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers.

Some executive officers are provided use of a company automobiles and an assistant. All employees can participate in the plans and programs described above.

Each employee of the Company is entitled to term life insurance, premiums for which are paid by the Company. In addition, each employee is entitled to receive certain medical and dental benefits and part of the cost is funded by the employee.

### Accounting and Tax Considerations

The Company's stock option grant policy will be impacted by the implementation of SFAS No. 123R, which was adopted in the first quarter of fiscal year 2006. Under this accounting pronouncement, the Company is required to value unvested stock options granted prior to the adoption of SFAS 123 under the fair value method and expense those amounts in the income statement over the stock option's remaining vesting period.

Section 162(m) of the Internal Revenue Code restricts deductibility of executive compensation paid to the Company's chief executive officer and each of the four other most highly compensated executive officers holding office at the end of any year to the extent such compensation exceeds \$1,000,000 for any of such officers in any year and does not qualify for an exception under Section 162(m) or related regulations. The Committee's policy is to qualify its executive compensation for deductibility under applicable tax laws to the extent practicable. In the future, the Committee will continue to evaluate the advisability of qualifying its executive compensation for full deductibility.

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## Compensation for Executive Officers of the Company

Prior March 8, 2008, we did not pay any cash compensation to our executive officers or their affiliates except as follows. As described above in “Directors, Executive Officers And Special Advisors of the Company – Director Compensation”, we pay IGN, LLC, an affiliate of Mr. Mukunda, \$4,000 per month for office space and certain general and administrative services, an amount which is not intended as compensation for Mr. Mukunda. On or around November 27, 2006, we engaged SJS Associates, an affiliate of Mr. Selvaraj, which provides the services of Mr. John Selvaraj as our Treasurer. We have agreed to pay SJS Associates \$5,000 per month for these services. Mr. Selvaraj is the Chief Executive Officer of SJS Associates. Effective November 1, 2007 the Company and SJS Associates terminated the agreement. We subsequently entered into a new agreement with SJS Associates on identical terms subsequent to the acquisition of Sricon and TBL. On May 22, 2008, the Company and its subsidiary India Globalization Capital Mauritius (“IGC-M”) entered into an employment agreement (the “Employment Agreement”) with Ram Mukunda, pursuant to which he will receive a salary of \$300,000 per year for services to IGC and IGC-M as Chief Executive Officer. The Employment Agreement was approved in May 2008 and made effective as of March 8, 2008. For fiscal year 2009, Mr. Mukunda was paid \$300,000.

The annual executive compensation for the Chief Executive Officer and Chief Financial Officer of the Company is set out below.

## Summary compensation

	FY 2008	FY 2009
Ram Mukunda	\$ 15,000	\$ 450,000
John Selvaraj	\$ 35,000	\$ 63,300

## Compensation for Executive Officers of Sricon

The annual executive compensation for the Chairman and Managing Director of Sricon is set out below. The USD amounts are shown at a conversion rate of INR 50.64 to USD 1.

Summary compensation  
of executive of Sricon

	FY 2008	FY 2009
	INR	INR
Mr. R Srivastava	\$ 600,000	\$ 6,000,000
		USD
	\$ USD15,000	\$ 118,494

## Compensation for Executive Officers of TBL

The annual executive compensation for the Managing Director of TBL is set out below. The USD amounts are shown at a conversion rate of INR 50.64 to USD 1 and INR 40 to USD 1 for 2009 and 2008 respectively.

Summary compensation of executive of  
TBL

	FY 2008	FY 2009
	INR	INR
Mr. Jortin Antony	480,000	657,000
	USD	USD
	12,000	12,975

### Compensation of Directors

No compensation was paid to the Company's Board of Directors for the one-year period ended March 31, 2009.

### Certain Relationships and Related Transactions

As of March 31, 2009, there were no related party transactions other than the agreements with IGN, an affiliate of Ram Mukunda, and SJS Associates, an affiliate of John Selvaraj, described above. We are party to indemnification agreements with each of the executive officers and directors. Such indemnification agreements require us to indemnify these individuals to the fullest extent permitted by law.

### Employment Contracts

Ram Mukunda has served as President and Chief Executive Officer of the Company since its inception. The Company, IGC-M and Mr. Mukunda entered into an Employment Agreement on May 22, 2008, which agreement was made effective as of March 8, 2008, the date on which the Company completed its acquisition of Sricon and TBL. Pursuant to the agreement, the Company pays Mr. Mukunda a base salary of \$300,000 per year. Mr. Mukunda is also entitled to receive bonuses of at least \$225,000 for meeting certain targets for net income (before one time charges including charges for employee options, warrants and other items) for fiscal year 2009 and \$150,000 for meeting targets with respect to obtaining new contracts. The Agreement further provides that the Board of Directors of the Company may review and update the targets and amounts for the net revenue and contract bonuses on an annual basis. The Agreement also provides for benefits, including insurance, 20 days of paid vacation, a car (subject to partial reimbursement by Mr. Mukunda of lease payments for the car) and reimbursement of business expenses. The term of the Employment Agreement is five years, after which employment will become at-will. The Employment Agreement is terminable by the Company and IGC-M for death, disability and cause. In the event of a termination without cause, the Company would be required to pay Mr. Mukunda his full compensation for 18 months or until the term of the Employment Agreement was set to expire, whichever is earlier.

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In partial consideration for the equity shares in Sricon purchased by the Company, pursuant to the terms of a Shareholders Agreement dated as of September 15, 2007 by and among IGC, Sricon and the Promoters of Sricon, the stockholders of Sricon as of the date of the acquisition, including Ravindra Lal Srivastava, who currently serves as the Chairman and Managing Director of Sricon, shall have the right to receive up to an aggregate of 418,431 equity shares of Sricon over a three-year period if Sricon achieves certain profit after tax targets for its 2008-2010 fiscal years. The maximum number of shares the Promoters may receive in any given fiscal year is 139,477 shares. If Sricon's profits after taxes for a given fiscal year are less than 100% of the target for that year but are equal to at least 85% of the target, the Promoters shall receive a pro rated portion of the maximum share award for that fiscal year. A copy of this agreement was filed with the SEC in the Company's definitive proxy statement filed February 8, 2008 and is incorporated here by reference.

In partial consideration for the equity shares in TBL purchased by the Company, pursuant to the terms of a Shareholders Agreement dated as of September 16, 2007 by and among IGC, TBL and the Promoters of TBL, Jortin Anthony, who currently serves as the Managing Director of TBL, shall have the right to receive up to an aggregate of 1,204,000 equity shares of TBL over a five-year period if TBL achieves certain profit after tax targets for its 2008-2012 fiscal years. The maximum number of shares Mr. Anthony may receive is 140,800 shares for fiscal year 2008 and 265,800 shares for each of the following fiscal years. If TBL's profits after taxes for a given fiscal year are less than 100% of the target for that year but are equal to at least 85% of the target Mr. Anthony shall receive a pro rated portion of the maximum share award for that fiscal year. A copy of this agreement was filed with the SEC in the Company's definitive proxy statement filed February 8, 2008 and is incorporated here by reference.

### Compensation Committee Interlocks and Insider Participation

A Compensation Committee comprised of two independent members of the Board of Directors, Ranga Krishna and Sudhakar Shenoy, and a non-independent director Richard Prins, administer executive compensation. No executive officer of the Company served as a director or member of the compensation committee of any other entity.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information regarding the beneficial ownership of our common stock as of June 30, 2009 by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
- each of our executive officers, directors and our special advisors; and
- all of our officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the stockholder has sole or shared voting or investment power. It also includes shares of common stock that the stockholder has a right to acquire within 60 days through the exercise of any option, warrant or other right. The percentage ownership of the outstanding common stock, which is based upon 10,091,971 shares of common stock outstanding as of June 30, 2009, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of our common stock.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. Unless otherwise noted, the nature of the ownership set forth in the table below is common stock of the Company.

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The table below sets forth as of June 30, 2009, except as noted in the footnotes to the table, certain information with respect to the beneficial ownership of the Company's Common Stock by (i) all persons known by the Company to be the beneficial owners of more than 5% of the outstanding Common Stock of the Company, (ii) each director and director-nominee of the Company, (iii) the executive officers named in the Summary Compensation Table, and (iv) all such executive officers and directors of the Company as a group.

Name and Address of Beneficial Owner(1)	Shares Owned	
	Number of Shares	Percentage of Class
Wachovia Corporation (2) One Wachovia Center Charlotte, North Carolina 28288-0137	1,879,289	18.6%
Sage Master Investments Ltd (3) 500 Fifth Avenue, Suite 930 New York, New York 10110	947,300	9.4%
Brightline Capital Management, LLC (4) 1120 Avenue of the Americas, Suite 1505 New York, New York 10036	750,000	7.4%
Professional Offshore Opportunity Fund, Ltd. (5) 1400 Old Country Road, Suite 206 Westbury, New York 11590	737,567	7.3%
APG Capital, LP (6) 12 Greenway Plaza, Suite 1100 Houston, Texas 77046	622,069	6.2%
Chestnut Ridge Partners, LP (7) 50 Tice Boulevard Woodcliff Lake, NJ 07677	564,335	5.6%
Pine River Capital Management L.P. (8) 601 Carlson Parkway Suite 330 Minnetonka, MN 55305	174,976	1.7%
Nisswa Acquisition Master Fund Ltd. (9) 601 Carlson Parkway Suite 330 Minnetonka, MN 55305	107,976	1.1%
UBS AG Bahnhofstrasse 45 CH-8001, Zurich, Switzerland	31,506	*
Ram Mukunda (10)	1,449,914	14.4%
Ranga Krishna (11)	2,215,624	22.0%
Steven M. Oliveira (12)	270,833	2.7%
Richard Prins (13)	196,250	1.9%
Sudhakar Shenoy	175,000	1.7%
Suhail Nathani	150,000	1.5%
Paradigm Capital	11,400	*
Larry Pressler	25,000	*
Dr. Anil K. Gupta	25,000	*
Steven S. Taylor, Jr.	20,000	*

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P.G. Kakodkar	12,500	*
Shakti Sinha	12,500	*
Dr. Prabuddha Ganguli	12,500	*
All Executive Officers and Directors as a group (5 Persons)(14)	4,221,496	41.8%

\* Represents less than 1%

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- (1) Unless otherwise indicated, the address of each of the individuals listed in the table is: c/o India Globalization Capital, Inc., 4336 Montgomery Avenue, Bethesda, MD 20814.
- (2) Based on a Schedule 13F filed with the SEC on March 31, 2009 by Wachovia Corporation. Dr. Ranga Krishna is entitled to 100% of the economic benefits of the shares.
- (3) Based on a Schedule 13G filed with the SEC on May 21, 2009 by Sage Master Investments Ltd., a Cayman Islands exempted company (“Sage Master”), Sage Opportunity Fund (QP), L.P., a Delaware limited partnership (“QP Fund”), Sage Asset Management, L.P., a Delaware limited partnership (“SAM”), Sage Asset Inc., a Delaware corporation (“Sage Inc.”), Barry G. Haimes and Katherine R. Hensel (collectively, the “Reporting Persons”). As disclosed in the Schedule 13G, Each of the Reporting Persons’ beneficial ownership of 947,300 shares of Common Stock constitutes 9.4% of all of the outstanding shares of Common Stock. The address for each of the foregoing parties is c/o 500 Fifth Avenue, Suite 930, New York, New York 10110.
- (4) Based on an amended Schedule 13G jointly filed with the SEC on May 28, 2008 by Brightline Capital Management, LLC (“Management”), Brightline Capital Partners, LP (“Partners”), Brightline GP, LLC (“GP”), Nick Khera (“Khera”) and Edward B. Smith, III (“Smith”). As disclosed in the amended Schedule 13G, Management and Khera are each the beneficial owners of 750,000 shares of common stock (8.75%), Smith is the beneficial owner of 1,031,500 shares of common stock (12.04%) including 281,500 shares over which he holds sole control of their voting and disposition, and Partners and GP are each the beneficial owners of 592,560 shares of common stock (6.91%), respectively. The address for each of the foregoing parties is 1120 Avenue of the Americas, Suite 1505, New York, New York 10036.
- (5) Based on a Schedule 13G jointly filed with the SEC on February 9, 2009 by Professional Offshore Opportunity Fund, Ltd., a British Virgin Islands company. As disclosed in the Schedule 13G, The company directly beneficially owns 737,567 shares of common stock which constitutes 7.3% of all of the outstanding shares of Common Stock. The address for each of the foregoing parties is 1400 Old Country Road, Suite 206, Westbury, New York 11590.
- (6) Based on a Schedule 13G jointly filed with the SEC on February 17, 2009 by APG Capital, LP, a Delaware limited partnership (the “Fund”), APG Capital Partners, LP, a Delaware limited partnership (“APG Capital Partners”), which serves as the general partner of the Fund, APG Capital Management, LLC, a Delaware limited liability company (“APG Capital Management”), which serves as the investment manager of the Fund and the general partner of APG Capital Partners, and (iv) Adam Gross, the managing member of APG Capital Management (all of the foregoing, collectively, the “Filers”). As disclosed in the Schedule 13G, The Fund directly beneficially owns 622,069 shares of common stock which constitutes 6.2% of all of the outstanding shares of Common Stock. The address for each of the foregoing parties is 12 Greenway Plaza, Suite 1100, Houston, Texas 77046.
- (7) Based on a Schedule 13G filed with the SEC on January 9, 2009 by Chestnut Ridge Partners, LP. As disclosed in the Schedule 13G, The Fund directly beneficially owns 564,335 shares of common stock which constitutes 5.6% of all of the outstanding shares of Common Stock. The business address for Chestnut Ridge Partners, LP is 50 Tice Boulevard, Woodcliff Lake, NJ 07677.
- (8)

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Based on a Schedule 13F filed with the SEC on March 31, 2009 by Pine River Capital Management L.P., a Delaware limited partnership. As disclosed in the Schedule 13F, The Fund directly beneficially owns 174,976 shares of common stock which constitutes 1.7% of all of the outstanding shares of Common Stock. The address for each of the foregoing parties is 601 Carlson Parkway, Suite 330, Minnetonka, MN 55305.

- (9) Based on a Form 4 filed with the SEC on January 6, 2009 Nisswa Acquisition Master Fund Ltd., a Cayman Islands limited partnership. As disclosed in the Form 4, The Fund directly beneficially owns 107,024 shares of common stock which constitutes 1.1% of all of the outstanding shares of Common Stock. The address for Nisswa Acquisition is 601 Carlson Parkway Suite 330, Minnetonka, MN 55305
- (10) Includes 594,924 shares of common stock and warrants to purchase 779,739 shares of common stock which are exercisable within sixty (60) days of July 13, 2009, all of which are currently exercisable. Excludes shares which Mr. Mukunda is required to transfer to certain individuals pursuant to the Share Redistribution Agreement, the transfer of which shares is currently in process.
- (11) Includes warrants to purchase 290,000 shares of common stock which are exercisable within sixty (60) days of October 9, 2008, all of which are currently exercisable. Includes 1,650,977 shares beneficially owned by Wachovia Corporation, which has sole voting and dispositive control over the shares. Dr. Krishna is entitled to 100% of the economic benefits of the shares. Excludes shares which Dr. Krishna is required to transfer to certain individuals pursuant to the Share Redistribution Agreement, the transfer of which shares is currently in process.
- (12) Based on a Schedule 13D filed with the SEC on May 21, 2009 by Steven M Oliveira. Steven M Oliveira directly beneficially owns 270,833 shares of common stock which constitutes 2.7% of all of the outstanding shares of Common Stock. The business address for Steven M Oliveira is 18 Fieldstone Court, New City, NY 10956.
- (13) Based on a Form 4 filed with the SEC on May 18, 2009 by Richard Prins. Richard Prins directly beneficially owns 196,250 shares of common stock which constitutes 1.9% of all of the outstanding shares of Common Stock.
- (14) Does not include shares owned by our special advisors. Includes 1,879,289 shares beneficially owned by Wachovia Corporation, which has sole voting and dispositive control over the shares.

Messrs. Mukunda and Krishna may be deemed our “parent,” “founder” and “promoter,” as these terms are defined under the Federal securities laws.

### Securities Authorized for Issuance Under Equity Compensation Plans

As of March 31, 2009 there were 1,513,675 shares authorized for issuance under the 2008 Omnibus Incentive Plan. No shares or options have been granted as of March 31, 2009.

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## Item 13. Certain Relationships and Related Transactions, and Director Independence

## Review, Approval or Ratification of Related Party Transactions

We do not maintain a formal written procedure for the review and approval of transactions with related persons. It is our policy for the disinterested members of our board to review all related party transactions on a case-by-case basis. To receive approval, a related-party transaction must have a business purpose for IGC and be on terms that are fair and reasonable to IGC and as favorable to IGC as would be available from non-related entities in comparable transactions.

## Prior Share Issuances

On May 5, 2005, we issued 1,750,000 shares for an aggregate consideration of \$17,500 in cash, at an average purchase price of approximately \$.01 per share, as follows:

Name	Number of Shares (1)	Relationship to Us
Dr. Ranga Krishna	250,000	Chairman of the Board
Ram Mukunda	1,250,000	Chief Executive Officer, President and Director
John Cherin	250,000	Chief Financial Officer and Director (2)

On June 20, 2005, we issued 750,000 shares for an aggregate consideration of \$7,500 in cash, at a purchase price of approximately \$.01 per share, as follows:

Name	Number of Shares (1) (3) (4)	Relationship to Us
Parveen Mukunda (5)	425,000	Secretary
Sudhakar Shenoy	37,500	Director
Suhail Nathani	37,500	Director
Shakti Sinha	12,500	Special Advisor
Prabuddha Ganguli	12,500	Special Advisor
Anil K. Gupta	25,000	Special Advisor

(1) The share numbers and per share purchase prices in this section reflect the effects of a 1-for-2 reverse split effected September 29, 2005.

(2) John Cherin resigned as our CFO, Treasurer, and Director on November 27, 2006.

(3) The shares were issued to our officers, directors and Special Advisors in consideration of services rendered or to be rendered to us.

(4) On September 7, 2005, one stockholder surrendered to us 62,500 shares, and on February 3, 2006, a stockholder surrendered to us 137,500 shares. These were reissued as set forth below.

(5) Parveen Mukunda is the wife of Ram Mukunda.

On February 3, 2006, we reissued the 200,000 shares for an aggregate consideration of \$2,000 in cash at a price of approximately \$.01 per share as follows:

Name	Number of Shares	Relationship to Us
Dr. Ranga Krishna	100,000	Chairman of the Board
John Cherin	37,500	Chief Financial Officer, Treasurer and Director
Larry Pressler	25,000	Special Advisor
P.G. Kakodkar	12,500	Special Advisor
Sudhakar Shenoy	12,500	Director
Suhail Nathani	12,500	Director

The holders of the majority of these shares will be entitled to make up to two demands that we register these shares pursuant to an agreement to be signed prior to or on the date of this prospectus. The holders of the majority of these shares can elect to exercise these registration rights at any time after the date on which the lock-up period expires. In addition, these stockholders have certain “piggy-back” registration rights on registration statements filed subsequent to such date. We will bear the expenses incurred in connection with the filing of any such registration statements.

Mr. Mukunda and certain of our other officers and directors collectively purchased in the aggregate 170,000 units in a private placement immediately prior to the IPO of IGC’s units at a price equal to the offering price of the IPO, \$6.00 per unit.

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On December 24, 2007 Dr. Krishna, our Chairman of the Board, entered into a Note Purchase Agreement with us pursuant to which we agreed to issue him 446,226 shares of our common stock within 10 days of the consummation of the Acquisition as partial consideration for a \$4,300,000 loan made by Dr. Krishna to the Company.

Pursuant to the consummation of the Acquisitions, Dr. Krishna was issued the shares. These shares are entitled to the registration rights described above.

On March 7, 2008 Messrs. Mukunda and Krishna entered into an agreement with third parties to transfer on or after September 8, 2008 pursuant to the terms of certain Share Redistribution Agreements an aggregate of 1,368,031 shares, which amount was increased to 1,418,508 by a letter agreement executed by Messrs. Mukunda and Krishna on September 24, 2008. Specifically, as modified the letter agreement, Mr. Mukunda agreed to transfer 1,156,820 shares and Dr. Krishna agreed to transfer 261,688 shares. The purpose of the agreements were to induce such third parties to acquire shares of the Company's common stock and to cause such shares to be voted in favor of the Company's acquisition.

On August 15, 2008, the Company issued 10,000 shares of its common stock to RedChip Companies, Inc. as payment for services in a private placement. This transaction was exempt from registration under the Securities Act pursuant to Section 4(2) of the Securities Act, which exempts private issuances of securities in which the securities are not offered or advertised to the general public. No underwriting discounts or commissions were paid with respect to such sale.

On September 30, 2008, the Company entered into a Note and Share Purchase Agreement with Steven M. Oliveira 1998 Charitable Remainder Unitrust ("Oliveira Trust") pursuant to which the Company sold the Oliveira Trust a Promissory Note in the principal amount of \$2,000,000 and 200,000 shares of common stock of the Company. The Promissory Note is due and payable on September 30, 2009, or upon an earlier change in control of the Company, and bears interest at a rate of 6% per annum. The Note and Share Purchase Agreement, provides for the issuance by the Company of additional shares of its Common Stock to the Oliveira Trust for no additional consideration as follows: if an event of default under the Promissory Note remains uncured for a period of more than 30 days, the Company shall issue to the Oliveira Trust an additional 10,000 shares of Common Stock for each \$100,000 of outstanding principal amount of the Promissory Note and if the Company fails to file a registration statement covering the resale Common Stock within 45 days after the sale of the Promissory Note and Common Stock to the Oliveira Trust or such registration statement is not declared effective within 150 days after filing (subject to certain exceptions and extensions) the Company shall issue to the Oliveira Trust an additional 25,000 shares of Common Stock for each \$100,000 of outstanding principal amount of the Promissory Note and an additional 5,000 shares for each \$100,000 of outstanding principal amount of the Promissory Note for each subsequent 30 day period such registration statement is not declared effective, These transactions were exempt from registration under the Securities Act pursuant to Regulation D promulgated under the Securities Act, which exempts private issuances of securities in which the securities are not offered or advertised to the general public. No underwriting discounts or commissions were paid with respect to such sales.

On January 9, 2009 the company issued 2,706,350 shares of common stock in exchange for 11,943,878 warrants. The issuance of the shares was pursuant to a warrant tender offer that the Company made to all the warrant and unit holders.

As of March 31, 2009, there were no related party transactions other than the agreements with IGN, an affiliate of Ram Mukunda, and SJS Associates, an affiliate of John Selvaraj. We are party to indemnification agreements with each of the executive officers and directors. Such indemnification agreements require us to indemnify these individuals to the fullest extent permitted by law.

Director Independence

We are listed on an exchange that requires its listed companies to have independent directors. The Board of Directors has made the determination that Messrs. Krishna, Shenoy and Nathani are independent directors

Messrs. Mukunda and Krishna may be deemed to be our “parent,” “founder” and “promoter,” as these terms are defined under the Federal securities laws.

Item 14. Principal Accountant Fees and Services.

Effective May 5, 2008 the Firm of Yoganandh & Ram (“Y & R”), Chartered Accountants, independent registered public accounting firm, in India, registered with the Public Company Accounting Oversight Board (PCAOB) were appointed as our principal accountant.

Through January 25, 2008, the firm of Goldstein Golub Kessler LLP (“GGK”) acted as our principal accountant. On January 25, 2008 we were notified by GGK that their partners had become partners of McGladrey and Pullen, LLP (“McGladrey”), and we engaged McGladrey as our new principal accountant. On March 7, 2008 IGC’s shareholders approved the acquisitions of Sricon and TBL. With these acquisitions, most of our operations are now based in India and our Board of Directors made the decision to retain an auditor based in India. Effective May 5, 2008, the Audit Committee of IGC dismissed McGladrey and appointed Y & R.

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## Audit Related and Other Fees

The Audit and other fees paid are below:

	March 31, 2009	March 31, 2008
Audit Fees – GGK	\$ 0	\$ 65,019
Audit Fees – McGladrey	13,708	31,343
Audit Fees - Yoganandh & Ram	38,448	0
Tax Fees (1)	9,430	5,095
All other Fees	5,520	0
Total	\$ 67,106	\$ 101,457

(1) Tax Fees relate to tax compliance, tax planning and advice. These services include tax return preparation and advice on state and local tax issues.

## Audit Committee Approval

## Policy on Pre-Approval of Audit and Permissible Non-audit Services of Independent Auditors

Consistent with SEC policies regarding auditor independence, the audit committee of our board of directors has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, our board of directors has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of the following four categories of services to our board of directors for approval.

1. Audit services include audit work performed in the preparation of financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, and attest services and consultation regarding financial accounting and/or reporting standards.

2. Audit-Related services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. Tax services include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.

Other Fees are those associated with services not captured in the other categories.

Prior to engagement, our board of directors pre-approves these services by category of service. The fees are budgeted and our board of directors requires the independent auditor and management to report actual fees versus the budget

periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, our board of directors requires specific pre-approval before engaging the independent auditor.

Our audit committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to our board of directors at its next scheduled meeting.



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PART IV

Item 15. Exhibits

The following exhibits are filed as part of, or are incorporated by reference into, this report:

(a) Financial Statements

Our financial statements as set forth in the Index to Financial Statements attached hereto commencing on page F-1 are hereby incorporated by reference.

(b) Exhibits.

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

- 3.1 Amended and Restated Articles of Incorporation. (1)
- 3.2 By-laws. (2)
- 4.1 Specimen Unit Certificate. (3)
- 4.2 Specimen Common Stock Certificate. (3)
- 4.3 Specimen Warrant Certificate. (3)
- 4.4 Form of Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant. (1)
- 4.5 Form of Purchase Option to be granted to the Representative. (1)
- 10.1 Amended and Restated Letter Agreement between the Registrant, Ferris, Baker Watts, Inc. and Ram Mukunda. (4)
- 10.2 Amended and Restated Letter Agreement between the Registrant, Ferris, Baker Watts, Inc. and John Cherin. (4)
- 10.3 Amended and Restated Letter Agreement between the Registrant, Ferris, Baker Watts, Inc. and Ranga Krishna. (4)
- 10.4 Form of Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Registrant. (5)
- 10.5 Promissory Note issued by the Registrant to Ram Mukunda. (2)
- 10.5.1 Extension of Due Date of Promissory Note issued to Ram Mukunda. (2)
- 10.6 Form of Stock and Unit Escrow Agreement among the Registrant, Ram Mukunda, John Cherin and Continental Stock Transfer & Trust Company. (2)
- 10.7 Form of Registration Rights Agreement among the Registrant and each of the existing stockholders. (3)
- 10.8 Form of Unit Purchase Agreement among Ferris, Baker Watts, Inc. and one or more of the Initial Stockholders. (5)
- 10.9 Form of Office Service Agreement between the Registrant and Integrated Global Networks, LLC. (5)
- 10.10 Amended and Restated Letter Advisory Agreement between the Registrant, Ferris, Baker Watts, Inc. and SG Americas Securities, LLC. (5)
- 10.11 Form of Letter Agreement between Ferris, Baker Watts, Inc. and certain officers and directors of the Registrant. (4)
- 10.12 Form of Letter Agreement between Ferris, Baker Watts, Inc. and each of the Special Advisors of the Registrant. (4)
- 10.13 Form of Letter Agreement between the Registrant and certain officers and directors of the Registrant. (4)

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- 10.14 Form of Letter Agreement between the Registrant and each of the Special Advisors of the Registrant. (4)
- 10.15 Promissory Note issued by the Registrant to Ranga Krishna. (2)
- 10.15.1 Extension of Due Date of Promissory Note issued to Ranga Krishna. (2)
- 10.16 Form of Promissory Note to be issued by the Registrant to Ranga Krishna. (2)
- 10.17 Share Subscription Cum Purchase Agreement dated February 2, 2007 by and among India Globalization Capital, Inc., MBL Infrastructures Limited and the persons “named as Promoters therein”. (6)
- 10.18 Debenture Subscription Agreement dated February 2, 2007 by and among India Globalization Capital, Inc., MBL Infrastructures Limited and the persons named as Promoters therein. (6)
- 10.19 Note and Warrant Purchase Agreement dated February 5, 2007 by and among India Globalization Capital, Inc. and Oliviera Capital, LLC. (6)
- 10.20 Promissory Note dated February 5, 2007 in the initial principal amount for \$3,000,000 issued by India Globalization Capital, Inc. to Oliviera Capital, LLC. (6)
- 10.21 Warrant to Purchase Shares of Common Stock of India Globalization Capital, Inc. issued by India Globalization Capital, Inc. to Oliviera Capital, LLC. (6)
- 10.22 First Amendment to Share Subscription Cum Purchase Agreement dated February 2, 2007 by and among India Globalization Capital, Inc., MBL Infrastructures Limited and the persons named as Promoters therein. (7)
- 10.23 First Amendment to the Debenture Subscription Agreement dated February 2, 2007 by and among India Globalization Capital, Inc., MBL Infrastructures Limited and the persons named as Promoters therein. (7)
- 10.24 Contract Agreement dated April 29, 2007 between IGC, CWEL, AMTL and MAIL. (7)
- 10.25 First Amendment dated August 20, 2007 to Agreement dated April 29, 2007 between IGC, CWEL, AMTL and MAIL. (8)
- 10.26 Share Subscription Cum Purchase Agreement dated September 16, 2007 by and among India Globalization Capital, Inc., Techni Barathi Limited and the persons named as Promoters therein (9).
- 10.27 Shareholders Agreement dated September 16, 2007 by and among India Globalization Capital, Inc., Techni Barathi Limited and the persons named as Promoters therein. (9)
- 10.28 Share Purchase Agreement dated September 21, 2007 by and between India Globalization Capital, Inc. and Odeon Limited. (9)
- 10.29 Share Subscription Cum Purchase Agreement dated September 15, 2007 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein. (9)
- 10.30 Shareholders Agreement dated September 15, 2007 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein. (9)
- 10.31 Form of Amendment to the Share Subscription Cum Purchase Agreement Dated September 15, 2007, entered into on December 19, 2007 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein. (10)
- 10.32 Form of Amendment to the Share Subscription Agreement Dated September 16, 2007, entered into on December 21, 2007 by and among India Globalization Capital, Inc., Techni Bharathi Limited and the persons named as Promoters therein. (10)
- 10.33 Note Purchase Agreement, effective as of December 24, 2007, by and among India Globalization Capital, Inc. and the persons named as Lenders therein. (10)
- 10.34 Form of India Globalization Capital, Inc. Promissory Note. (10)

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- 10.35 Form of Registration Rights Agreement by and among India Globalization Capital, Inc. and the persons named as Investors therein. (10)
  - 10.36 Form of Pledge Agreement, effective as of December 24, 2007, by and among India Globalization Capital, Inc. and the persons named as Secured Parties therein. (10)
  - 10.37 Form of Lock up Letter Agreement, dated December 24, 2007 by and between India Globalization Capital, Inc. and Dr. Ranga Krishna. (10)
  - 10.38 Form of Letter Agreement, dated December 24, 2007, with Dr. Ranga Krishna. (10)
  - 10.39 Form of Letter Agreement, dated December 24, 2007, with Oliveira Capital, LLC. (10)
  - 10.40 Form of Warrant Clarification Agreement, dated January 4, 2008, by and between the Company and Continental Stock Transfer & Trust Company. (11)
  - 10.41 Form of Amendment to Unit Purchase Options, dated January 4, 2008, by and between the Company and the holders of Unit Purchase Options. (11)
  - 10.42 Second Amendment to the Share Subscription Cum Purchase Agreement Dated September 15, 2007, entered into on January 14, 2008 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein. (12)
  - 10.43 Letter Agreement dated January 8, 2008 by and among India Globalization Capital, Inc., Odeon Limited, and Techni Bhararti Limited with respect to the Share Purchase Agreement dated September 21, 2007 by and among India Globalization Capital, Inc. and Odeon Limited. (12)
  - 10.44 Employment Agreement between India Globalization Capital, Inc., India Globalization Capital Mauritius and Ram Mukunda dated as of March 8, 2008. (13)
  - 10.45 2008 Omnibus Incentive Plan. (14)
  - 31.1 Certificate pursuant to 17 CFR 240.13a-14(a).
  - 31.2 Certificate pursuant to 17 CFR 240.13a-14(a).
  - 32.1 Certificate pursuant to 18 U.S.C. § 1350.
  - 32.2 Certificate pursuant to 18 U.S.C. § 1350.
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- (1) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-124942), as amended and filed on September 22, 2006.
  - (2) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-124942), as amended and filed on February 14, 2006.
  - (3) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-124942), as originally filed on May 13, 2005.
  - (4) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-124942), as amended and filed on July 11, 2005.
  - (5) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (SEC File No. 333-124942), as amended and filed on March 2, 2006.
  - (6) Incorporated by reference to the Registrant’s Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on February 12, 2007.
  - (7) Incorporated by reference to the Registrant’s Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on May 2, 2007.
  - (8) Incorporated by reference to the Registrant’s Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on August 23, 2007.
  - (9) Incorporated by reference to the Registrant’s Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on September 27, 2007.

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- (10) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on December 27, 2007.
- (11) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on January 7, 2008.
- (12) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on January 16, 2008.
- (13) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on May 23, 2008.
- (14) Incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A (SEC File No. 333-124942), as originally filed on February 8, 2008.
- (15) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on June 4, 2008.
- (16) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on July 21, 2008.
- (17) Incorporated by reference to the Registrant's Current Report on Form 8-K (SEC File No. 333-124942), as originally filed on July 30, 2008.
- (18) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (SEC File No. 333-124942), as amended and filed on October 29, 2008.
- (19) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (SEC File No. 333-124942), as amended and filed on November 12, 2008.
- (20) Incorporated by reference to the Tender offer statement by Issuer on Form SC TO-1 (SEC File No. 333-124942), as originally filed on November 24, 2008.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INDIA GLOBALIZATION CAPITAL, INC.

Date: July 14, 2009

By: /s/ Ram Mukunda  
Ram Mukunda  
Chief Executive Officer and  
President (Principal Executive  
Officer)

Date: July 14, 2009

By: /s/ John B. Selvaraj  
John B. Selvaraj  
Treasurer, Principal Accounting  
Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: July 14, 2009

By: / s / D r . R a n g a  
Krishna  
Dr. Ranga Krishna  
Director

Date: July 14, 2009

By: / s / S u d h a k a r  
Shenoy  
Sudhakar Shenoy  
Director

Date: July 14, 2009

By: /s/ Ram Mukunda  
Ram Mukunda  
Director

Date: July 14, 2009

By: / s / R i c h a r d  
Prins  
Richard Prins  
Director

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