

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, 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.

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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
ASSETS			
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
LIABILITIES			
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
Per Share Data			
Earnings per share – basic	\$ 0.81	\$ 0.14	\$ 0.16
Earnings per share - diluted	\$ 0.78		
Weighted Average Shares			
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
ASSETS			
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
LIABILITIES			
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
ASSETS		
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
LIABILITIES		
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)
Per Share Data			
Basic	\$ 0.46	\$ 0.13	\$ (0.54)
Diluted	\$ 0.22	\$ 0.13	\$ (0.54)
Weighted Average Shares			
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)
Per Share Data		
Basic	\$ (0.77)	\$ (0.62)
Diluted	\$ (0.77)	\$ (0.62)
Weighted Average Shares		
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
ASSETS			
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
LIABILITIES			
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
ASSETS		
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
LIABILITIES		
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
ASSETS		
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
Total Current Assets	19,498,584	32,896,447
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
Total Assets	\$ 51,832,513	\$ 67,626,973
LIABILITIES AND STOCKHOLDERS' EQUITY		
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
Total current liabilities	\$ 9,446,345	\$ 17,384,059
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.

Table of ContentsIndia Globalization Capital, Inc.
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)