India Globalization Capital, Inc.
Form S-1/A
March 09, 2010

As filed with the Securities and Exchange Commission on March 9, 2010
Registration No. 333-163867

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1 to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INDIA GLOBALIZATION CAPITAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	1600 (Primary Standard Industrial Classification Code Number)	20-2760393 (I.R.S. Employer Identification Number)

4336 Montgomery Ave.
Bethesda, Maryland 20814
(301) 983-0998
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

Ram Mukunda
Chief Executive Officer and President
India Globalization Capital, Inc.
4336 Montgomery Ave.
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Approximate date of commencement of proposed sale to public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company þ

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered		Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $0.0001 par value per share	(1)	$ 4,000,000(1)	$ 223.20

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED [ ] [ ], 2010

PROSPECTUS

India Globalization Capital, Inc.

Common Stock

This prospectus relates to the offering of [ ] shares of common stock of India Globalization Capital, Inc. (“IGC” or “the Company”), par value $0.0001 per share. We have retained ____________ as underwriter in connection with this offering, which is made on a ______ basis.

Our units, shares of common stock and warrants are currently traded on the NYSE Amex Equities (“NYSE Amex”) under the symbols “IGC.U,” “IGC” and “IGC.WS,” respectively. As of March 8, 2010, the closing sale price of our common stock was $1.26, the closing sale price of our units was $1.30 (the last trade having occurred on March 2), and the closing sale price of our warrants was $0.05.

In reviewing this prospectus, you should carefully consider the matters described under the heading “Risk Factors” beginning on page 4.

	Per Share	Total
Price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to India Globalization Capital, Inc.	$	$

We have granted the underwriter a 30-day option to purchase up to [•] additional shares of common stock at the same price, and on the same terms, solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is __________, 2010.

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All references to "IGC," "we," "our," "us," and similar terms in this prospectus refer to India Globalization Capital, Inc.

Some of the industry data contained in this prospectus are derived from data from various third-party sources. While we are not aware of any misstatements regarding any industry data presented herein, such data is subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the "SEC" or the "Commission") utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, offer and sell shares of the common stock of the Company pursuant to this prospectus. It is important for you to read and consider all of the information contained in this prospectus and any applicable prospectus supplement before making a decision whether to invest in the common stock. You should also read and consider the information contained in the documents that we have incorporated by reference as described in "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference" in this prospectus.

You should rely only on the information contained in this prospectus and any applicable prospectus supplement, including the information incorporated by reference. We have not authorized anyone to provide you with different information. We are not offering to sell or soliciting offers to buy, and will not sell, any securities in any jurisdiction where it is unlawful. You should assume that the information contained in this prospectus or any prospectus supplement, as well as information contained in a document that we have previously filed or in the future will file with the SEC and incorporate by reference into this prospectus or any prospectus supplement, is accurate only as of the date of this prospectus, the applicable prospectus supplement or the document containing that information, as the case may be.

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PROSPECTUS SUMMARY

The following is a summary of some of the information contained in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks relating to our business and common stock discussed under the heading "Risk Factors" and our financial statements.

India Globalization Capital, Inc.

Our 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.

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 78% of Sricon (after giving effect to the deconsolidation described below) and the founders and management of TBL own 23% of TBL.

In connection with the acquisitions, IGC borrowed approximately $17 million from Sricon. According to the original purchase agreement, if the loan is not repaid, then the result could be a reduction in IGC's ownership percentage of Sricon.

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 TBL as the acquired entity

Effective October 1, 2009 we decreased our ownership in Sricon Infrastructure from 63% to 22.3%. As described earlier, on March 7, 2008 we consummated the Sricon Acquisition by purchasing 63% for about $29 million (based on an exchange rate of 40 INR for $1 USD). We subsequently borrowed around $17.9 million (based on 40 INR for 1 USD) from Sricon. Through 2008 and 2009 we expanded our business offerings beyond construction to include a rapidly growing materials business. We have successfully repositioned the company as a materials and construction company; with construction activity in our TBL subsidiary and materials activity in our other subsidiaries. Rather than continue to owe Sricon $17.9 million, and more importantly, continue to fund two construction companies, we decreased our ownership in Sricon by an amount proportionate to the loan. The impact of this is that we no longer owe Sricon $17.9 million and our corresponding ownership is a non-controlling interest. The deconsolidation of Sricon from the balance sheet of IGC, resulted in shrinkage of the IGC balance sheet, compared to March 31, 2009, and a one-time charge on the P&L in the quarter ended December 31, 2009. Post deconsolidation, earnings and losses from Sricon are accounted for using the equity method of accounting.

The consolidated IGC financial statements provided after the date of deconsolidation (October 1, 2009) do not include a line by line consolidation of Sricon. However, the consolidated IGC financials before October 1, 2009 include a line by line consolidation of Sricon.

Unless the context requires otherwise, all references in this report to the “Company”, “IGC”, “we”, “our”, and “us” refer to Ind Globalization Capital, Inc, together with its wholly owned subsidiary IGC-M, and its subsidiaries and non-controlling interests (TBL, IGC-MPL, IGC-LPL, IGC IMT and Sricon,).

Background of India based Subsidiaries

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.

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IGC Materials, Private Limited (“IGC-MPL”) and IGC Logistics, Private Limited (“IGC-LPL”), are based in Nagpur India and were incorporated in June 2009. The two companies focus on infrastructure materials like rock aggregate, bricks, concrete and other material as well as the logistical support for the transportation of infrastructure material. IGC India Mining and Trading (“IGC-IMT”) was incorporated in December 2008 in Chennai, India. IGC-IMT is involved in the export of iron ore to China. IGC-MPL, IGC-LPL and IGC-IMT are all wholly owned subsidiaries of IGC-M.

Our approach is to offer a suite of services to customers involving construction as well as sale and transportation of materials.

Core Business Competencies

We offer an integrated approach in our customer service delivery based on core competencies that we have demonstrated over the years. This integrated approach provides us with an advantage over our competitors.

Our core business competencies include the following:

1) Highway and heavy construction
2) Mining and Quarrying
3) Construction and maintenance of high temperature plants

Our Growth Strategy and Business Model

Our growth strategy and business model is the following:

1) Deepen our relationships with our existing construction customers by providing them infrastructure materials like iron ore, rock aggregate, concrete, coal and associated logistical support.

2) Expand our materials offering by expanding the number of rock aggregate quarries and other material infrastructure.

3) Leverage our expertise in the logistics and supply of iron ore by increasing the number of shipping hubs we operate from and expand our offering into China and other Asian countries to take advantage of the infrastructure growth in India, China and other Asian countries.

4) Expand the number of recurring contracts for infrastructure build out to customers that can benefit from our portfolio of offerings.

5) As part of our financing plan, aggressively pursue the collection of delay claims in past projects.

Please see the “Risk Factors” section commencing on page 4 for more information concerning the risks of investing in our company.

Where You Can Find More Information

We have three securities listed on the NYSE Amex: (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).

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. The registration statement and its exhibits, as well as our other reports filed with the SEC, can be inspected and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information about the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a web site at http://www.sec.gov which contains the Form S-1 and other reports, proxy and information statements and information regarding issuers that file electronically with the SEC.

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We have filed a registration statement on Form S-1 with the SEC registering under the Securities Act the common stock that may be distributed under this prospectus. This prospectus, which is a part of such registration statement, does not include all of the information contained in the registration statement and its exhibits. For further information regarding us and our common stock, you should consult the registration statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are summaries of those documents, and we refer you to the documents filed with the SEC for more information. The registration statement and any of its amendments, including exhibits filed as a part of the registration statement or an amendment to the registration statement, are available for inspection and copying as described above.

The Offering

We are offering ____________ shares of our common stock pursuant to this prospectus.

Issuer	India Globalization Capital, Inc., a Maryland corporation
Shares Offered	[ ] shares
Shares Outstanding	12,898,291 shares
Use of Proceeds	We expect proceeds from this offering to us to be approximately $[ ], after underwriters' discounts and before deducting the estimated expenses for the offering. We intend to use the proceeds for working capital, operating expenses and other general corporate purposes. We may also use the proceeds to repay indebtedness.
NYSE Amex Symbol for Common Stock:	IGC
Risk Factors	You should carefully consider the matters discussed under the heading "Risk Factors"

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RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this prospectus in evaluating us and our common stock and other securities. If any of the following risks and uncertainties develop into actual events, they could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock and other securities also could be adversely affected. We make various statements in this section, which constitute "forward-looking statements." See "Forward-Looking Statements."

RISKS ASSOCIATED WITH OUR INDUSTRY AND DOING BUSINESS IN INDIA

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.

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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 states 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, 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 seen an increase in politically motivated insurgencies 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 acquisition of materials which could adversely affect our business.

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

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 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.

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.

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RISKS ASSOCIATED WITH OUR BUSINESS

The cost of obtaining bank financing may reduce our income.

TBL has restructured some of its 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 of 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 47,000,000 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, including outstanding options issued there under) and all of the 1,000,000 shares of preferred stock available for issuance. We have recently issued 1,060,000 shares of our common stock in connection with a private placement of debt securities and an exchange of previously issued debt securities for new debt securities and the common stock 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 each of 2008 and 2009, we sold debt securities in the principal amount of $2,000,000 in a private placement 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 may be 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.

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

TBL executes construction contracts primarily in the roads and infrastructure development sectors. TBL typically enters into high value contracts for these activities, which impose penalties if contracts are not executed in a timely manner. If TBL is 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.

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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. Our strategy, management, financial and operational oversight are heavily dependent on our Founder and CEO. The loss of our CEO could have a significant adverse effect on our business. In order to mitigate these risk factors we are recruiting professional managers and expanding the executive ranks as well as pursuing succession-planning initiatives, but this will take time and 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 construction work resulting in an overall slow down of the supply of materials as well as construction activity. 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 future operating results and the market price of our common stock could be materially adversely affected if we are required to write down the carrying value of goodwill associated with any of our businesses in the future.

We review our goodwill balance for impairment on at least an annual basis through the application of a fair value-based test. Our estimate of fair value is based primarily on projected future results and cash flows and other assumptions. In addition, we review long-lived assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. In the fourth quarter of our 2009 fiscal year, we performed our annual test for goodwill impairment and determined that our goodwill was not impaired. In the future, if our projected discounted cash flows associated with our businesses do not exceed the carrying value of their net assets, we may be required to record write downs of the carrying value of goodwill or other long-lived assets associated with any of our businesses and our operating results and the market price of our common stock may be materially adversely affected.

As of March 31 2009 our goodwill balance was $17.5 million and as of December 31 2009 our goodwill balance was $6.9 million respectively . We perform an annual goodwill impairment test during the fourth quarter of each fiscal year, or more frequently if an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The 2008-2009 recession has impacted our financial results and has reduced near-term purchases from certain of our key customers. We may determine that our expectations of future financial results and cash flows from one or more of our businesses has decreased or a decrease in stock valuation may occur, which could result in a review of our goodwill associated with these businesses. Since a large portion of the value of our intangibles has been ascribed to projected revenues from certain key customers, a change in our expectation of future cash from one or more of these customers could indicate potential impairment to the carrying value of our assets.

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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.

A down turn in the economy could adversely affect our business, financial condition, results of operations and future prospects.

A generally adverse financial global economy or a regional recession including one in India and or China could adversely affect commodity prices and infrastructure build out in Asia, which in turn could adversely affect our future performance and result in a drop in our stock price.

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 and mining activities and fully utilize our resources.

Depending on the onset of the monsoons, revenue recorded in the first half of our fiscal year, particularly between June through September, is traditionally lower than revenue recorded during the second half of our fiscal year. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses as well as build material reserves 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 USGAAP, we may experience untimely close of our books and records, in India, 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 Amex, 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 completed the testing of internal controls in all our subsidiaries. We expect to carry out the evaluations and install systems and processes as required. However, we cannot be certain as to the timing of completion of evaluation testing and remediation actions or the impact of the same on our operations. Further, it is difficult to hire personnel in India that are familiar with USGAAP. However, we have hired several reputed consultants to help review internal reporting and disclosures as well as train our India based staff in the rigors of SEC reporting and USGAAP. We currently, do not foresee a problem other than the time required to adequately train and streamline the processes.

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The audit report provided by Yoganandh and Ram will require a review by a US firm.

While our audit firm, Yoganandh & Ram, is registered with the Public Company Accounting Oversight Board (the "PCAOB"), the SEC requires that the audits conducted by Yoganandh & Ram, be reviewed by another PCAOB registered firm. If the review identifies changes to an audit, we will be required to amend our annual report as filed on Form 10-K incorporating the audited financial statements. The requirement of the review is expected to increase our legal, accounting and other expenses.

RISKS RELATED TO OUR SECURITIES

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.

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.

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FORWARD-LOOKING STATEMENTS

We believe that some of the information in this prospectus constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as “may,” “should,” “believes,” “expects,” “intends,” “anticipates,” “thinks,” “plans,” “estimates,” “predicts,” “potential” or similar words or the negative of these words or other variations on these words or comparable terminology. You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or financial conditions or state or other forward looking information.

While we believe it is important to communicate our expectations to our stockholders, there may be events in the future that we are not able to accurately predict or over which we have no control. The risk factors and cautionary language discussed in this prospectus provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in our forward-looking statements, including among other things:

- Competition in the road building sector.
- Legislation by the government of India.
- General economic conditions and the Indian growth rates.
- Our ability to win licenses, contracts and execute.

You should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus could have a material adverse effect on our business, financial condition and results of operations.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus.

All forward-looking statements included herein attributable to us or any person acting on either party’s behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

Before you decide to invest in our securities, you should be aware that the occurrence of the events described in the “Risk Factors” section and elsewhere in this prospectus could have a material adverse effect on us.

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USE OF PROCEEDS

We expect proceeds from this offering to us to be approximately $[   ], after underwriters' discounts and before deducting the estimated expenses for the offering. We are contractually required to use 40% of the net proceeds of this offering in excess of $500,000 to repay two outstanding promissory notes in the principal amount of $2,120,000 and $2,000,000, respectively. The notes bear no interest and are due and payable on October 5, 2010 and October 16, 2010 respectively or earlier upon a change in control of the company or an event of default as set forth in the notes. The proceeds of the notes were used for general working capital purposes, primarily for our iron ore export business in the case of the $2,000,000 note. We intend to use the balance of the proceeds for working capital, operating expenses and other general corporate purposes. We may also use the balance of the proceeds to further repay outstanding indebtedness, although we do not currently expect to do so.

DIVIDEND POLICY

We have 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.

MARKET PRICE OF OUR COMMON STOCK, WARRANTS AND UNITS

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 Amex:

	Common Stock		Warrants		Units	
Quarter Ended	High	Low	High	Low	High	Low
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	$ 0.70	$ 0.53	$ 0.01	$ 5.75	$ 0.01
March 31, 2009	$ 1.10	$ 0.33	$ 0.13	$ 0.02	$ 1.07	$ 0.40
June 30, 2009	$ 1.25	$ 1.12	$ 0.06	$ 0.06	$ 1.80	$ 1.02
September 30, 2009	$ 1.86	$ 0.88	$ 0.20	$ 0.05	$ 2.32	$ 1.00
December 31, 2009	$ 2.20	$ 1.33	$ 0.22	$ 0.04	$ 2.50	$ 1.34

A recent reported closing price for our common stock, warrants and units is set forth on the cover page of this prospectus. Continental Stock Transfer & Trust Company is the transfer agent and registrar for our common stock. As of September 30, 2009, we had 946 holders of record of our common stock, 173 holders of record of our units and 1,054 holders of record of our warrants.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated ____________ , 2010 , we have agreed to sell to the underwriter, ____________, the following respective numbers of shares of common stock:

Underwriter	Number of Shares

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The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters will be increased.

We have granted to the underwriters a 30-day option to purchase up to ________ additional shares at the offering price less the underwriting discounts. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock at the offering price on the cover page of this prospectus supplement. After the offering, _____________ may change the offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	Per Share Without Over-Allotment	With Over-Allotment	Total Without Over-Allotment	With Over-Allotment
Underwriting discounts and commissions paid by us				

We have agreed that during the period beginning from the date hereof and continuing to and including the date __ days after the date of the prospectus supplement, we will not offer, sell, contract to sell or otherwise dispose of any securities of the Company which are substantially similar to our common stock (other than for shares or stock options issued under employee stock plans, such plans as are currently in existence and disclosed in the Prospectus), without the prior written consent of _____________ (such consent not to be unreasonably withheld or delayed) other than the sale of the shares to be sold by the Company hereunder. During the period of __ days after the date of the prospectus supplement, the Company will not file with the Commission or cause to become effective any registration statement (other than a registration statement on Form S-8 filed to register securities issued or to be issued under employee stock option plans, each such plan as disclosed in the Prospectus) or prospectus relating to any securities of the Company which are substantially similar to our common stock without the prior written consent of _____________

Our executive officer and directors have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of _____________ for a period __ days after the date of this prospectus supplement, provided, however, that the foregoing shall not apply to a transfer of shares solely to the extent necessary to satisfy federal income tax obligations with respect to any shares of Common Stock issued prior to the date of this offering.

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We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions ad penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

  - Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by exercising their over-allotment option and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist on the open market. These transactions may be affected on the NYSE Amex or otherwise and if commenced, may be discontinued at any time.

A prospectus supplement and prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters participating in this offering.

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SELECTED HISTORICAL FINANCIAL INFORMATION.

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. In addition, historical information is derived from its unaudited financial statements for the 6 months period ended September 30, 2009 and 2008. 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
(Audited)

Annual results:

Selected Statement of Operations Data:	Year Ended 31-Mar-09	Year Ended 31-Mar-08	Year Ended 31-Mar-07	29-Apr-05 To March 31, 2006
Revenue	$ 35,338,725	$ 2,188,018	$	$
Other Income-Interest, net	(577,934)	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 Statement of Income Data
(unaudited)

Most recent quarterly results:

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
Revenue:	$ 5,909,024	$ 3,836,428	13,994,503	$ 32,263,680
Other income (expense)	(389,953)	(304,602)	(1,051,428)	(920,288
Equity in (gain) loss of affiliates	16,446		16,446	
Net Income attributable to non-controlling interest	(7,574)	550,207	(72,599)	(936,996
Net income (loss) attributed to controlling interest	$ (6,175,518)	$ (1,734,078)	$ (7,291,708)	$ (374,835
Weighted average number of shares outstanding:				
Basic	12,898,291	8,780,107	12,898,291	8,780,107
Diluted	13,559,184	8,780,107	13,559,184	8,780,107)
Net income per share:				)
Basis	$ (0.48)	$ (0.20)	$ (0.56)	$ (0.04
Diluted	$ (0.45)	$ (0.20)	$ (0.54)	$ (0.04
				)
				)

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India Globalization Capital, Inc.
Selected Summary Balance Sheet Data

	31-Dec-09 (unaudited)	31-Mar-09 (audited)	31-Mar-08 (audited)	31-Mar-07 (audited)
ASSETS				
Investments held in trust fund	$	$ -	$ -	$ 66,104,275
Total Current Assets	15,946,918	19,498,584	32,896,447	70,385,373
Total Assets	35,965,433	51,832,513	67,626,973	70,686,764
LIABILITIES				
Current Liabilities	11,064,632	9,446,345	17,384,059	5,000,280
Total Liabilities	12,466,165	13,974,638	26,755,261	5,000,280
Common stock subject to possible conversion				12,762,785
Total stockholders' equity	$ 21,860,767	$ 23,595,269	$ 27,326,056	$ 52,923,699

The following table sets forth certain selected financial data of Techni Bharathi Limited (TBL). The selected financial data presented below was derived from TBL's audited consolidated financial statements for the period April 1, 2007 through March 7, 2008 (date of acquisition) 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 with 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 and its subsidiaries.

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

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

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(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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto included in this prospectus. Except for the historical information contained herein, the discussion in this prospectus contains certain forward-looking statements that involve risk and uncertainties, such as statements of the Company's plans, objectives, expectations and intentions as of the date of this filing. The cautionary statements made in this document should be read as being applicable to all related forward-looking statements wherever they appear in this document. The Company's actual results could differ materially from those discussed here. Factors that could cause differences include those discussed in the "Risk Factors" section as well as discussed elsewhere herein.

Overview

In response to India's rapidly expanding economy, our primary focus is to execute infrastructure projects through our subsidiaries such as constructing interstate highways, rural roads, mining and quarrying, and construction of high temperature cement and steel plants.

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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. The operations of IGC are based in India. IGC owns 100% of a subsidiary in Mauritius called IGC-Mauritius (IGC-M). This company in turn operates through five subsidiaries in India. We own twenty two (22.3%) percent of Sricon Infrastructure Private Limited (“Sricon”) and seventy seven (77%) percent of Techni Bharathi, Limited (“TBL”). We also beneficially own one hundred percent of IGC India Mining and Trading, Private Limited, IGC Logistic, Private Limited, and IGC Materials, Private Limited. Through our subsidiaries we operate in the infrastructure industry. Operating as a fully integrated infrastructure company, IGC, through its subsidiaries, has expertise in road building, mining and quarrying and engineering of high temperature plants. The Company’s medium term plans are to expand each of these core competencies while offering an integrated suite of service offerings to our customers.

The financial statements provided after the date of deconsolidation (October 1, 2009) are the consolidated statements of IGC, which include IGC-M and our other subsidiaries. Accordingly, the financial statements provided prior to the date of deconsolidation (October 1, 2009) are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and our other subsidiaries. However, historical description of our business for periods and dates prior to March 7, 2008 (Acquisition Date) include information on Sricon and TBL. The consolidated financial statements of our business for periods prior to March 7, 2008 (acquisition date) do not include information on Sricon and TBL.

On February 19, 2009 IGC-M beneficially purchased 100% of IGC Mining and Trading, Limited based in Chennai India. On July 4, 2009 IGC-M beneficially purchased 100% of IGC Materials, Private Limited, and 100% of IGC Logistics, Private Limited. Both these companies are based in Nagpur, India. Indian IGC Materials, Private Limited (IGC-MPL) and IGC Logistics, Private Limited (IGC-LPL), is also involved in the building of rock quarries, the export of iron ore and the transport of materials.

As stated above, IGC divested part of its interest in Sricon effective October 1, 2009. Its ownership share of Sricon effective October 1, 2009 is 22.3% and is considered a non-controlling interest.

The financial statements provided here and going forward are the consolidated statements of IGC, which includes all the aforementioned subsidiaries.

Company Overview

We are a materials and construction company offering a suit of services including: 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 and steel mills in China. Including our subsidiaries, we have approximately 400 employees and contractors. 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 $22 billion in the next 12 months on roads and highways. 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. Our expansion plans include 1) building out 10 rock aggregate quarries to create a pure play one-stop shop for rock aggregate (a business not prevalent in India), 2) obtaining licenses for the mining of iron ore in India (to fill customer orders from China), and 3) win and execute construction contracts.

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Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These items are regularly monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. These estimates include, among others, our revenue recognition policies related to the proportional performance and percentage of completion methodologies of revenue recognition of contracts and assessing our goodwill for impairment annually. Changes in estimates are recorded in the period in which they become known. We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances. Actual results will differ and may differ materially from the estimates if past experience or other assumptions do not turn out to be substantially accurate.

Our significant accounting policies are presented within Note 2 to our consolidated financial statements and the following summaries should be read in conjunction with the unaudited consolidated financial statements and the related notes included in this Report. While all accounting policies impact the financial statements, certain policies may be viewed as critical. Critical accounting policies are those that are both most important to the portrayal of financial condition and results of operations and that require management's most subjective or complex judgments and estimates. Our management believes the policies that fall within this category are the policies on revenue recognition, accounting for stock-based compensation, goodwill and income taxes.

Revenue Recognition

The majority of the revenue recognized for three and nine month periods ended December 31, 2009 was derived from the Company's subsidiaries and as accordingly:

Revenue is recognized when persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectability is reasonably assured.

In Government contracting we recognize revenue when a Government consultant verifies and certifies an invoice for payment.

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

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

a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer and expected to be realized.

b) Fixed price contracts: Contract revenue is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost. Changes in estimates for revenues, costs to complete and profit margins are recognized in the period in which they are reasonably determinable

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

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

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

Employee Stock Options or Share Based Payments

We grant options to purchase our common stock and award restricted stock to our employees and directors under our equity incentive plans. The benefits provided under these plans are share-based payments subject to the provisions of SFAS No. 123R, Share-Based Payment, and SEC Staff Accounting Bulletin 107, Share-Based Payments. Effective April 1, 2009, we use the fair value method to apply the provisions of FAS 123R with the modified prospective application, which provides for certain changes to the method for valuing share-based compensation. Share-based compensation expense recognized under FAS 123R for the 9-month period ended December 31, 2009 was $130,407. At December 31, 2009, total unrecognized estimated compensation expense related to non-vested awards granted prior to that date was zero. Stock options vest immediately. At the close of this offering the Company will grant options for the fiscal year 2010, which ends March 31. 2009, to Directors, Employees and Advisors at a price that is at least a 10% premium to the offering price. The number of options that will be granted will be determined by the Compensation Committee and approved by the Board.

As a result of FAS 123R, we estimate the value of share-based awards on the date of grant using a Black-Scholes option-pricing model. The determination of the fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate, and expected dividends.

If factors change and we employ different assumptions in the application of FAS 123R during future periods, the compensation expense that we record under FAS 123R may differ significantly from what we have recorded in the current period. Therefore, we believe it is important for investors to be aware of the high degree of subjectivity involved when using option-pricing models to estimate share-based compensation under FAS 123R. Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Because our share-based payments have characteristics significantly different from those of freely traded options, and because changes in the subjective input assumptions can materially affect our estimates of fair values, in our opinion, existing valuation models, including the Black-Scholes Option Pricing model, may not provide reliable measures of the fair values of our share-based compensation. Consequently, there is a risk that our estimates of the fair values of our share-based compensation awards on the grant dates may bear little resemblance to the intrinsic values realized upon the exercise, expiration, cancellation, or forfeiture of those share-based payments in the future. Certain share-based payments, such as employee stock options, may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and expensed in our financial statements. Alternatively, value may be realized from these instruments that are significantly in excess of the fair values originally estimated on the grant date and expensed in our financial statements. There currently is neither a market-based mechanism nor other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor a way to compare and adjust the estimates to actual values. Although the fair value of employee share-based awards is determined in accordance with FAS 123R and SAB 107 using a qualified option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction. Estimates of share-based compensation expenses are significant to our financial statements, but these expenses are based on the aforementioned option valuation model and will never result in the payment of cash by us.

Theoretical valuation models and market-based methods are evolving and may result in lower or higher fair value estimates for share-based compensation. The timing, readiness, adoption, general acceptance, reliability, and testing of these methods is uncertain. Sophisticated mathematical models may require voluminous historical information, modeling expertise, financial analyses, correlation analyses, integrated software and databases, consulting fees, customization, and testing for adequacy of internal controls.

For purposes of estimating the fair value of stock options granted during the nine months ended December 31, 2009 using the Black-Scholes model, we used the historical volatility of our stock for the expected volatility assumption input to the Black-Scholes model, consistent with the guidance in FAS 123R and SAB 107. The risk-free interest rate is based on the risk-free zero-coupon rate for a period consistent with the expected option term at the time of grant. We do not currently pay nor do we anticipate paying dividends, but we are required to assume a dividend yield as an input to the Black-Scholes model. As such, we use a zero dividend rate. The expected option term is estimated using both historical term measures and projected termination estimates.

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Goodwill

We account for goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142"). SFAS No. 142 requires the use of a non-amortization approach to account for purchased goodwill and certain intangibles. Under the non-amortization approach, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment at least annually and written down and charged to operations only in the periods in which the recorded value of goodwill and certain intangibles exceeds its fair value. We have elected to perform our annual impairment test in the fourth quarter of each calendar year . An interim goodwill impairment test would be performed if an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For purposes of performing the goodwill impairment test, we concluded there is one reporting unit. During the fourth quarter of the year ending March 31, 2009, we completed the required annual test, which indicated there was no impairment.

Accounting for Income Taxes

In connection with preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves the assessment of our net operating loss carry forwards and credits, as well as estimating the actual current tax liability together with assessing temporary differences resulting from differing treatment of items, such as reserves and accrued liabilities, for tax and accounting purposes. We then assess the likelihood that deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. We expect to realize our differed tax assets as we expect to generate revenue and profit at the parent level through service fees charged to the subsidiaries and ore contracts obtained at the parent level. We have therefore not provided an allowance against the deferred tax asset.

Results of Operations

Three Months Ended December 31, 2009 Compared to Three Months Ended December 31, 2008

Revenue - Total revenue was $5.9 million for the three months ended December 31, 2009, as compared $3.8 million for the three months ended December 31, 2008. The revenue reported in December 2009 does not include Sricon revenue, due to the deconsolidation of Sricon. The revenue reported in December 2008 however, includes revenue from Sricon. Despite deconsolidation, the Company grew its top line, year over year, by 55%. The revenue reported in the quarter ended September 30, 2009 was $5.36 million. This revenue also included Sricon. The quarter over quarter growth is 10% despite the deconsolidation of Sricon. This revenue growth is from the materials business as well as the construction business.

Cost of Revenue - Cost 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. It also includes the cost associated with buying raw materials. Cost of revenue for the quarter ended December 31, 2009 was $5.3 million compared to $2.9 million for the quarter ended December 31, 2008. As a percentage of revenue, the cost of revenue increased, primarily because the Company has contracts for rock aggregate and iron ore that it is filling before its quarries become operational. This practice will continue till our quarries and ore mines are functional. At that point, we will fill orders for infrastructure materials from a much-improved cost basis. We expect two rock quarries to come on line in the quarter ending March 31, 2010 and the ore mines to come on line towards the end of this calendar year. In the mean time our strategy is to gain market share, establish our brand, and expand the customer base.

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Selling, General and Administrative - Selling, general and administrative expenses were $3.0 million for the quarter ended December 31, 2009 compared to $2.1 million for the quarter ended December 31, 2008. The December 2009 SG&A has a total of $2.44 million of one time charges, about $1.85 million relating to the deconsolidation of Sricon, and $587 thousand relating to the extinguishment of the debt. Adjusting for the one-time charges the SG&A for the quarter ended December 31, 2009 would be around $600 thousand, or around 10% of revenue, compared to $2.1 million, or around 55% of revenue, incurred in the quarter ended December 31, 2008. The SG&A for the quarter ended December 31, 2009 also had increased legal fees from the capital raise as well as the deconsolidation.

Operating Income (loss) - In the quarter ended December 31, 2009, operating loss was $2.6 million compared to an operating loss of $1.4 million for the quarter ended December 31, 2008. The operating loss in the quarter ended December 2009, stem partly from a large one-time charge of $2.44 M in SG&A reflecting the de consolidation of Sricon and the extinguishment of debt. With an adjustment for one-time charges the operating loss for the quarter is around $127 thousand. We expect operating income to increase as our revenue ramps up and our quarries become operational.

Early extinguishment of debt, interest expense, and amortization of debt discount – the early extinguishment of debt resulted in a one-time charge of about $586,785 thousand, that is included in the SG&A. The interest expense and amortization of debt discount for the quarter ended December 31, 2009 was $430,837 compared to $442,265 for the quarter ended December 31, 2008. The interest expense and amortization of debt discount are for $5.11 million of short and long term debt. The annual effective rate of interest is 34%, albeit much of it non-cash. If the Company raises equity and pays of some of the loans, it can potentially save around $400,000 per quarter, or $1.6 million a year, which would increase our bottom line substantially.

AOCI & Loss on dilution of Sricon – AOCI stands for Accumulated Other Comprehensive Income. As a result of the deconsolidation of Sricon, we have taken a one-time charge for about $2.1 million, which represents a portion of the Other Comprehensive Income of Sricon that accumulated from the time that IGC acquired 63% of Sricon. We recorded a one-time loss of $1.1 million, as a result of decreasing our ownership from 63% to 22.3% in Sricon and extinguishing the loan of $17.9 million due to Sricon.

Inter Company Loans- IGC borrowed $17.9 million from Sricon. As a result of the decrease in ownership, this loan is eliminated.

Consolidated Net Income (loss) – Consolidated Net loss for the quarter ended December 31, 2009 was ($6.2) million compared to a consolidated net loss of ($2.3) million for the quarter ended December 31, 2008. The net loss in the 2009 December quarter includes one-time and non-cash charges of $6.0 million.

Cash, cash equivalents, restricted cash and working capital – As on December 31, 2009 the company had $3.9 million of cash, cash equivalents and restricted cash. Restricted cash is cash in a fixed deposit used to secure a bank guarantee. For the quarter ended December 31, 2009 the Company had about $4.9 million in working capital.

Stock holders equity and Total Assets: Compared to March 31, 2009 our stock holders equity decreased from $23.6 million to $21.9 million and our total assets decreased from $51.8 million to $35.9 million, mostly based on the de consolidation of Sricon. The decrease in the balance sheet ($15.9) million is primarily due to elimination of debt ($17.9) million that was owed to Sricon, along with accounting adjustments.

Nine Months Ended December 31, 2009 Compared to Nine Months Ended December 31, 2008

Revenue - Total revenue was $13.99 million for the nine months ended December 31, 2009, as compared to $32.3 million for the nine months ended December 31, 2008. The lower revenue for the nine months ended December 31, 2009 is from decreasing our contracts and backlog of work as a result of the financial turmoil.

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Cost of Revenue - Cost 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 decreased by $12.1 million, compared to the nine-month period ended December 31, 2008. The decrease was caused by declining revenue and associated costs.

Selling, General and Administrative - Consists primarily of employee-related expenses, professional fees, other corporate expenses and allocated overhead. Selling, general and administrative expenses were $4.4 million for the nine-month period ended December 31, 2009 compared to $4.2 million for the nine-month period ended December 31, 2008, or 13.1% of revenue. The nine-month period ended December 31, 2009 included $2.44 million of one time charges related to the deconsolidation of Sricon. Net of deconsolidation charges the SG&A was about $2.0 million or about 14.3% of the revenue for the nine month period ended December 31, 2009.

Operating Income (loss) - In the nine-month period ended December 31, 2009, operating loss was ($2.8) million, compared to operating income of $3.4 million for the nine-month period ending December 31, 2008.

Net Interest Income (Expense) – Net interest expense decreased by $47 thousand compared to the nine-month period ending December 31, 2008.

Consolidated Net Income (loss) – Net loss for the nine months ended December 31, 2009 was ($7.2) million compared to consolidated net income of $562 thousand for the nine months ended December 31, 2008. As explained in the quarterly comparisons, one-time charges were taken in the quarter ended December 31, 2009 for the deconsolidation of Sricon as well as for the extinguishment of debt.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Regulation S-K promulgated under the Securities Exchange Act of 1934.

Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company results for nine months period ended December 31, 2009 and 2008.

Cash used for operating activities from continuing operations is our net loss adjusted for certain non-cash items and changes in operating assets and liabilities. During the first nine months of 2009, cash used for operating activities was ($2.8) million compared to cash used for operating activities of ($6.3) million during the first nine months of 2008. The uses of cash in the first nine months of 2009 relate primarily to the payment of general operating expenses of our subsidiary companies. The large change is due to less business volume.

During the first nine months of 2009, investing activities from continuing operations used ($985) thousand of cash as compared to $2.6 million provided during the comparable period in 2008.

Financing cash flows from continuing operations consist primarily of transactions related to our debt and equity structure. In the first nine months of 2009 there was financing cash provided of approximately $3.7 million, compared to cash used of approximately ($2.3) million for the first nine months of 2008. The increase of cash from financing was due to the issuance of 1,599,000 shares of stock.

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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 and anticipated operating cash flow will be sufficient to fund our normal operating requirements for at least the next 12 months. However, we may seek to secure additional capital to fund further growth of our business, or the repayment of debt, in the near term.

Annual 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				

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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.

Year Ended March 31, 2009 and March 31, 2008

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.

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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.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined in Item 303(a) (4) (ii) of Regulation S-K promulgated under the Securities Exchange Act of 1934.

Liquidity and Capital Resources

Cash used for operating activities from continuing operations is our net loss adjusted for certain non-cash items and changes in operating assets and liabilities. During the first three months of 2009, cash used for operating activities was $470 thousand compared to cash used for operating activities of $5.5 million during the first three months of 2008. The uses of cash in the first three months of 2009 relates primarily to the payment of general operating expenses of our subsidiary companies. The large change is due to less business volume.

During the first three months of 2009, investing activities from continuing operations used $242 thousand of cash as compared to $5.3 million used during the comparable period in 2008.

Financing cash flows from continuing operations consist primarily of transactions related to our debt and equity structure. In the first three months of 2009 there was financing cash used of approximately $332 thousand, compared to cash provided of approximately $4.1 million for the first three months of 2008. The cash provided in 2009 was primarily due to use of bank credit lines. The cash used in 2008 was primarily due to repayment of long-term notes.

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 and anticipated operating cash flow, will be sufficient to fund our normal operating requirements for at least the next 12 months. However, we may seek to secure additional capital to fund further growth of our business, or the repayment of debt, in the near term.

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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 our subsidiaries' 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.

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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 December 2007, the FASB issued ASC 810-10-65 “Consolidation — Transition and Open Effective Date Information” (previously referred to as SFAS No. 160, “Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51”). ASC 810-10 establishes accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810-10-65 establishes accounting and reporting standards that require (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within equity, but separate from the parent’s equity, (ii) the amount of consolidated net income attributable to the parent and the non-controlling interest to be clearly identified and presented on the face of the consolidated statements of income, and (iii) changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently. Effective April 1, 2009, the Company adopted ASC 810-10-65. See “Consolidated Balance Sheets”, “Consolidated Statements of Income”, “Consolidated Statements of Shareholders’ Equity and Comprehensive Income (Loss)”, and note 2 for information and related disclosures regarding non-controlling interest.

In December 2007, the FASB issued ASC 805 “Business Combinations” (previously referred to as SFAS No. 141 (revised 2007), “Business Combinations”, which was a revision of SFAS No. 141, “Business Combinations”). This Statement establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in an acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Effective April 1, 2009, the Company adopted ASC 805 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

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In February 2008, the FASB approved ASC 820-10 “Fair Value Measurements and Disclosures” (previously referred to as FASB Staff Position FAS No.157-2, “Effective Date of FASB statement No. 157” (FSP FAS 157-2), which grants a one-year deferral of SFAS No. 157’s fair-value measurement requirements for non-financial assets and liabilities, except for items that are measured or disclosed at fair value in the financial statements on a recurring basis). Effective April 1, 2009, the Company has adopted ASC 820-10 for non-financial assets and liabilities. The adoption of ASC 820-10 for non-financial assets and liabilities did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

In November 2008, the FASB’s Emerging Issues Task Force reached a consensus on ASC 323-10 “Investments-Equity Method and Joint Ventures” (previously referred to as EITF Issue No. 08-6, “Equity Method Investment Accounting Considerations”). ASC 323-10 continues to account for the initial carrying value of equity method investments on a cost accumulation model, which generally excludes contingent consideration. ASC 323-10 also specifies that other-than-temporary impairment testing by the investor should be performed at the investment level and that a separate impairment assessment of the underlying assets is not required. An impairment charge by the investee should result in an adjustment of the investor’s basis of the impaired asset for the investor’s pro-rata share of such impairment. In addition, ASC 323-10 reached a consensus on how to account for an issuance of shares by an investee that reduces the investor’s ownership share of the investee. An investor should account for such transactions as if it had sold a proportionate share of its investment with any gains or losses recorded through earnings. ASC 323-10 also addresses the accounting for a change in an investment from the equity method to the cost method after adoption of ASC 810-10 (previously referred to as SFAS No. 160). ASC 323-10 affirms existing guidance which requires cessation of the equity method of accounting and application of ASC 320-10 (previously referred to as FASB Statement No. 115, “Accounting for Certain Investments in Debt and Equity Securities”), or the cost method under ASC 323-10-35, as appropriate. Effective April 1, 2009, the Company adopted ASC 323-10 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

In April 2009, the FASB issued ASC 805-20 “Business Combinations — Identifiable Assets and Liabilities, and Any Non-controlling Interest” (previously referred to as FASB Staff Position FAS No. 141R-1, “Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies” (FSP FAS No. 141R-1). ASC 805-20 eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria, in ASC 805 and instead carries forward most of the provisions in FASB Statement No. 141, Business Combinations, for acquired contingencies. ASC 805-20 is effective for contingent assets or contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Effective April 1, 2009, the Company adopted ASC 805-20 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

In April 2009, the FASB issued the following three ASCs intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities:

ASC 820-10-65 “Fair Value Measurements and Disclosures — Transition and Open Effective Date Information” (previously referred to as FASB Staff Positions FAS 157-4 “ Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly”) provides additional guidance for estimating fair value in accordance with ASC 820-10 “Fair Value Measurements and Disclosures” (previously referred to as SFAS No. 157) when the volume and level of activity for the asset or liability have decreased significantly. ASC 820-10-65 also provides guidance on identifying circumstances that indicate a transaction is not orderly. The provisions of ASC 820-10-65 are effective for the Company’s interim period ending on June 30, 2009. Effective April 1, 2009, the Company adopted ASC 820-10-65 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

ASC 825-10-65 “Financial Instruments - Transition and Open Effective Date Information” (previously referred to as FASB Staff Positions FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments”), requires disclosures about the fair value of financial instruments in interim reporting periods of publicly traded companies that were previously only required to be disclosed in annual financial statements. The provisions of ASC 825-10-65 are effective for the Company’s interim period ending on June 30, 2009. Effective April 1, 2009, the Company adopted ASC 825-10-65 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

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ASC 320-10-65 “Investments-Debt and Equity Securities - Transition and Open Effective Date Information” (previously referred to as FASB Staff Positions FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments”) amends current other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This ASC does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The provisions of ASC 320-10-65 are effective for the Company’s interim period ending on June 30, 2009. Effective April 1, 2009, the Company adopted ASC 320-10-65 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

In May 2009, the FASB issued ASC 855-10 “Subsequent events” (previously referred to as SFAS No. 165, “Subsequent Events” (“SFAS 165”)), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855-10 also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. ASC 855-10 is effective for interim and annual periods ending after June 15, 2009. Effective April 1, 2009, the Company adopted ASC 855-10 which only requires additional disclosures and the adoption did not have any impact on its consolidated financial position, results of operations or cash flows. The Company evaluated all events or transactions that occurred after December 31, 2009 up through February 6, 2010. Based on this evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the consolidated financial statements.

In June 2009, the FASB issued ASC 105-10 “Generally Accepted Accounting Principles” (previously referred to as SFAS No. 168 “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162”). The FASB Accounting Standards Codification (“Codification”) will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. ASC 105-10 is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in ASC 105-10. Effective October 1, 2009, the Company adopted ASC 105-10 and the adoption did not have any material impact on its consolidated financial position, results of operations or cash flows.

Recently issued accounting pronouncements

In October 2009, the FASB issued ASU 2009-13 (EITF No. 08-1) which amends ASC 605-25 “Revenue Recognition—Multiple-Element Arrangements”. ASU 2009-13 amends ASC 605-25 to eliminate the requirement that all undelivered elements have Vendor Specific Objective Evidence (VSOE) or Third Party Evidence (TPE) before an entity can recognize the portion of an overall arrangement fee that is attributable to items that already have been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-element arrangement, the overall arrangement fee will be allocated to each element (both delivered and undelivered items) based on their relative estimated selling prices. Application of the “residual method” of allocating an overall arrangement fee between delivered and undelivered elements will no longer be permitted upon adoption of ASU 2009-13. The provisions of ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption will be permitted. The Company is currently evaluating the effect of adoption of the provisions of the ASU 2009-13 on the Company’s consolidated financial Statements.

In August 2009, the FASB issued ASU 2009-05 which amends Subtopic 820-10 “Fair Value Measurements and Disclosures” for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, an entity is required to measure fair value utilizing one or more of the following techniques (1) a valuation technique that uses the quoted market price of an identical liability or similar liabilities when traded as assets; or (2) another valuation technique that is consistent with the principles of Topic 820, such as a present value technique or a market approach. The provisions of ASU No. 2009-05 are effective for the first reporting period (including the interim periods) beginning after issuance. The provisions of ASU No. 2009-05 will be effective for interim and annual periods beginning after August 27, 2009. The Company is currently evaluating the effect of the provisions of the ASU 2009-05 on the Company's consolidated financial statements.

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

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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. 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 78% of Sricon (after giving effect to the deconsolidation described below) 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.

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. On July 4, 2009, IGC-M beneficially purchased 100% of IGC Materials, Private Limited (IGC-MPL based in Nagpur, India), which will conduct IGC's quarrying business, and 100% of IGC Logistics, Private Limited (IGC-LPL based in Nagpur, India), which will be involved in the transport and delivery of ore, cement, aggregate and other material. Each of IGC-IMT, IGC-MPL and IGC-LPL were formed by third parties at the behest of IGC-M to facilitate the creation of the subsidiaries, and the purchase price paid for each of IGC-IMT. IGC-MPL and IGC-LPL was equal to the expenses incurred in incorporating the respective entities with no premium paid. No officer or director of IGC had a financial interest in the subsidiaries at the time of their acquisition by IGC-M. India Globalization Capital, Inc. (the Registrant, the Company, or we) and its subsidiaries are significantly engaged in one segment, infrastructure construction.

Effective October 1, 2009 we decreased our ownership in Sricon Infrastructure from 63% to 22.3%. On March 7, 2008 we consummated the Sricon Acquisition by purchasing a 63% interest for about $29 million (based on an exchange rate of 40 INR for $1 USD). We subsequently borrowed around $17.9 million (based on 40 INR for 1 USD) from Sricon. Through 2008 and 2009 we expanded our business offerings beyond construction to include a rapidly growing materials business. We have successfully repositioned the company as a materials and construction company; with construction activity in our TBL subsidiary and materials activity in our other subsidiaries. Rather than continue to owe Sricon $17.9 million, and more importantly, continue to fund two construction companies, we decreased our ownership in Sricon by an amount proportionate to the loan. The impact of this is that we no longer owe Sricon $17.9 million and our corresponding ownership is a non-controlling interest. The deconsolidation of Sricon from the balance sheet of IGC, results in shrinking the IGC balance sheet and a one-time charge on the P&L. Post deconsolidation, earnings and losses from Sricon are accounted for using the equity method of accounting.

IGC's organizational structure is as follows:

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

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Overview

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-Mauritius (IGC-M), through its wholly owned Indian subsidiaries (IGC India Mining and Trading (IGC-IMT), IGC Materials, Private Limited (IGC-MPL) and IGC Logistics, Private Limited (IGC-LPL), is also involved in the building of rock quarries, the export of iron ore and the transport of materials. IGC-M operates a shipping hub in the Krishnapatnam port on the west coast of India and one at Goa on the east coast of India. We aggregate ore from smaller mines before shipping to China. We are also engaged in the production of rock aggregate and the development of rock quarries. 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. Iron ore is rock and minerals from which metallic iron can be extracted. The primary form used in industry today is hematite and is often the principle raw material used to make "pig iron", a material critical to the production of industrial steel.

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. According to the CIA World Fact Book, India's growth rates have been ranging from 6.2% to 9.6% since 2003. The GDP growth rate for fiscal year ending March 31, 2008 was 7.4% (estimated). 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, which continues.

India's GDP growth for fiscal year ended March 31, 2009 is estimated to be lower than 2008's growth rate. 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.

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 statement in its 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%.

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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.

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.

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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.

Our operations are subject to certain risks and uncertainties, including among others, dependency on the Indian and Asian economy and government policies, competitively priced raw materials, dependence upon key members of the management team and increased competition from existing and new entrants.

Our Securities

We have three securities listed on the NYSE Amex: (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 210,000 shares of common stock in private placements, on September 30, 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.

In September 2009 we sold 1,599,000 shares of our common stock and warrants to purchase an aggregate of 319,800 shares of our common stock (the “New Warrants”) in a registered direct offering. Each warrant entitles the holder to purchase one share of common stock at an exercise price of $1.60. The warrants expire on September 18 2012. The New Warrants are exercisable and may be exercised by contacting the Company or the transfer agent Continental Stock Transfer & Trust Company. We do not have a right to call the New Warrants.

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On October 5, 2009, the Company issued 530,000 new shares of common stock as partial consideration for the exchange of an outstanding promissory note for a new note with an extended maturity date

On October 16, 2009, the Company issued 530,000 new shares of common stock in a private placement in connection with the sale of a promissory note to an investor.

In November 2009 we sold 3,300 shares of our common stock in a registered at the market offering.

Following the issuance of the shares in the preceding transactions, we have 12,898,291 shares of common stock outstanding, warrants to purchase 11,855,122 shares of common stock outstanding and New Warrants to purchase 318,800 shares of common stock outstanding.

Core Business Competencies

We offer an integrated approach in our customer service delivery based on core competencies that we have demonstrated over the years. This integrated approach provides us with an advantage over our competitors.

Our core business competencies 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. A significant number of our customers involve highway and heavy construction contracts.

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.

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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 contacts 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 Asia including 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.

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.

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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 maturate 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 where our core assets are located, 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 outside India. 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 December 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, Chief Executive Officer is Ram Mukunda and our Non Executive Chairman is Ranga Krishna. Our over all Country Head in India is Mr. K. Parthasarathy. 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 among others.

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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 6 to 12 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.

MANAGEMENT

Our Directors, Executive Officers and Advisory Board Members

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

Directors, Executive Officers and Special Advisors of IGC

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

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Directors and Executive Officers of TBL

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

Ranga Krishna, has served as our Chairman of the Board since December 15, 2005. Dr. Krishna previously served as a Director from May 25, 2005 to December 15, 2005 and as our Special Advisor from April 29, 2005 through June 29, 2005. In 1998, he founded Rising Sun Holding, LLC, a $120 million construction and land banking company. In September 1999, he co-founded Fastscribe, Inc., an Internet-based medical and legal transcription company with its operations in India with over 200 employees. He has served as a director of Fastscribe since September 1999. He is currently the Managing Partner. In February 2003, Dr. Krishna founded International Pharma Trials, Inc., a company with operations in India and over 150 employees, which assists U.S. pharmaceutical companies performing Phase II clinical trials in India. He is currently the Chairman and CEO of that company. In April 2004, Dr. Krishna founded Global Medical Staffing Solutions, Inc., a company that recruits nurses and other medical professionals from India and places them in U.S. hospitals. Dr. Krishna is currently serving as the Chairman and CEO of that company. On November 7, 2008 he joined the board of TransTech Service Partners, a SPAC which initiated liquidation on May 23 rd, 2009. Dr. Krishna is a member of several organizations, including the American Academy of Neurology and the Medical Society of the State of New York. He is also a member of the Medical Arbitration panel for the New York State Worker's Compensation Board. Dr. Krishna was trained at New York's Mount Sinai Medical Center (1991-1994) and New York University (1994-1996).

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

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

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

Averette University, Virginia. Mr. Selvaraj is a Charted Accountant (CA, 1971).

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

Richard Prins, has served as our Director since May 2007 and as Lead Director since March 2010 . Mr. Prins has 25 years of experience in all aspects of corporate finance and has participated directly in more than 150 transactions with both private and public companies across a number of industries in North America, Europe, and Asia. Mr. Prins was the Director of Investment Banking for Ferris, Baker Watts, Inc., or FBW, from 1996 until June of 2008 when FBW was acquired by Royal Bank of Canada. At FBW, he managed all of the firm's industry groups and product offerings including public offerings, mergers and acquisitions, private placements, restructurings, as well as other corporate advisory services activities. He was also responsible for executing a variety of financial and strategic transactions. Mr. Prins served as a consultant to Royal Bank of Canada Capital Markets through December 2008 to facilitate the post-acquisition transition. Currently Mr. Prins is a private investor and involved in various charitable organizations. Prior to FBW, Mr. Prins was a Managing Director for eight years at Crestar Bank (now SunTrust Bank) in charge of Mergers and Acquisitions. Mr. Prins began his career in 1983 as the Assistant to the Chairman of the