UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K /A

Amendment No. 2

þ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the fiscal year ended March 31, 2011

o Transition report under Section 13 or 15(d) of the Exchange Act.

Commission file number 1-32830

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

Maryland (State or other jurisdiction of incorporation or organization)	20-2760393 (I.R.S. Employer Identification No.)

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

(301) 983-0998
(Issuer's telephone number)
Securities registered under Section 12(b) of the Exchange Act:

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

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

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
oYes þNo

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
o Yes þ No (the Registrant is not yet required to submit Interactive Data)

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes þ No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $12,570,784.

As of June 15, 2011 there were 19,758,771 shares of common stock issued and outstanding.

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Explanatory Note to Amendment No. 2

This Amendment No. 2 to the Annual Report on Form 10-K/A ("Form 10-K/A") amends our Annual Report on Form 10-K for the year ended March 31, 2011, which was filed with the Securities and Exchange Commission ("SEC") on July 14, 2011, as amended by Amendment No. 1 to the Annual Report on Form 10-K/A, which was filed with the SEC on July 27, 2011 ("Form 10-K").
This Form 10-K/A is being filed to supplement the following sections of the Form 10-K for the purpose of providing additional disclosure in response to comments received from the Staff of the SEC in connection with a review of our Form 10-K:

Part I – Item 1A. Risk Factors

We included a new risk factor regarding the lack of availability of timely and sufficient financial information on Sricon India Private Limited ("Sricon"), a company in which we own a 22% stake.

Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Selling, General and Administrative expenses: we revised our disclosure to indicate how a $1.52 million bad debt write-off that was considered to be irrecoverable arose, and the facts and circumstances that resulted in our determination that such amounts are irrecoverable.

Impairment loss – goodwill: we revised our disclosure to delete a reference to the market potential for the infrastructure business in India.

Liquidity and capital resources: we revised our disclosure to discuss the impact on liquidity if either (1) the NHAI or Cochin Airport receivables were classified as long term assets or (2) the receivables were not collected in the 2012 fiscal year.

Part II - Item 8. Financial Statements and Supplementary Data

Consolidated Balance Sheets: we amended the financial statements to present non-controlling interest as part of the stockholders' equity on the balance sheets, such that the total on the balance sheet is the same as the statement of stockholders' equity. It was previously presented as a separate line item after stockholders' equity. We also added a line to show the equity of the parent company. These changes do not change the aggregate of total liabilities and stockholders' equity.

Consolidated Statements of Operations: we removed the subtotal revenue less cost of revenues (excluding depreciation) for all periods presented and included impairment loss - goodwill as a component of operating income (loss).

Note 11 - Goodwill: we expanded our disclosure to present the facts and circumstances that led to the impairment of our goodwill.

Note 20 - Income Taxes: we restated our rate reconciliation as of March 31, 2010 so that the effective tax rate in our financial statements is in line with the effective tax rate computed in our statement of operations.

Note 25 – Impairment: we expanded our disclosures to: (a) describe the nature of the available information about Sricon that we used when recording an impairment of $2.2 million related to our investment in Sricon, (b) to include a detailed explanation of the methodology as well as an explanation of the information available to us at the time the impairment tests were carried out, (c) to identify the Sricon financial information we relied on, and (d) to disclose the methodology used to determine the recoverability of our receivable and investment in Sricon.

Note 27 – Certain Aged Receivables: we added a new Note 27 to the financial statements explaining why the accounts receivable due from the National Highway Authority of India ("NHAI") and the Cochin International Airport are booked as current as of March 31, 2011 and 2010. We also added a discussion of the arbitration process and specified when the receivables were first booked.

Note 28 - Re-Classifications to Consolidated Balance Sheets and Consolidated Statements of Operations: we added a new Note 28 to address the re-classifications made to the Consolidated Balance Sheets and Consolidated Statement of Operations, changes that do not affect the total assets and liabilities or net income/loss attributable to common stock holders, respectively.

Effects of Restatement

The restated items are re-classifications that do not impact the Company's operations.

Except as stated herein, this Form 10-K/A does not change our previously reported financial statements or the other financial disclosures contained in the Form 10-K. Except as stated herein, this Form 10-K/A does not reflect events occurring after the filing of the Form 10-K and no attempt has been made in this Form 10-K/A to modify or update other disclosures as presented in the Form 10-K. Accordingly, this Form 10-K/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the Form 10-K.

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Explanatory Note

Overview of Restatement

In this Annual Report on Form 10-K, India Globalization Capital, Inc.:

(a) Restates its consolidated statements of operations and consolidated cash flows for the year ended March 31, 2010;

(b) Amends its management discussion and analysis as it relates to the year ended March 31, 2010; and

(c) Restates its unaudited quarterly financial data for the quarter ended December 31, 2009

Background of the restatement:

As previously disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on June 15, 2011, the Company's management, in consultation with the Company's independent registered public accounting firm, concluded that the financial statements for the year ended March 31, 2010 (the "2010 Annual Financial Statements") included in the Company's Annual Report on Form 10-K for the year then ended, as amended (the "2010 Annual Report") and in the quarterly Form 10-Q for the period ended December 31, 2009 should no longer be relied upon.

The changes described above are non-cash items and do not impact the Company's operations.

The financial statements have been restated to reflect:

(i) A Reclassification in the Company's Statement of Cash Flows: Sricon India Private Limited (SIPL), a subsidiary of IGC Inc., had been deconsolidated effective October 1, 2009. Upon deconsolidation, the cash flows of SIPL for the six months ended September 30, 2009 were re-classified and presented as equity in earnings of affiliates. The cash flows for the year ended 31 March, 2010 have now been restated to contain transactions relating to SIPL up until the date of deconsolidation; and

(ii) Computation of diluted earnings per share: The effect of dilution was inadvertently considered while computing the Earnings Per Share (EPS) although there was a loss by IGC Inc. The restatement now rightly shows the EPS taking into consideration the loss.

Effects of Restatement

The restated items are non-cash and do not impact the Company's operations.

The adjustments made as a result of the restatement are more fully discussed in Note 3, Restatement of Previously Issued Financial Statements, of the Notes to Consolidated Financial Statements included in this Annual Report. To further review and understand the restatement adjustments, see Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Annual Report. For a description of the deficiencies in internal control over financial reporting identified by management as a result of the investigation and our internal reviews, and management's plan to remediate those deficiencies, see Part II—Item 9A—Controls and Procedures.

The previously filed Annual Reports for the period ended March 31, 2010 filed on Form 10-K and quarterly report for the period ended December 31, 2009 filed on Form 10-Q were affected by the restatement and have not been amended. Instead, the amended statements are presented here. Accordingly, investors should no longer rely upon the

Company’s previously released financial statements for these periods and any earnings releases or other previous communications relating to these periods.

All amounts in this Annual Report for the period ended March 31, 2010 are the amounts as restated.

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PART I

Item 1. Business

Background of India Globalization Capital, Inc. (IGC)

IGC, a Maryland corporation, was organized on April 29, 2005 as a blank check company formed for the purpose of acquiring one or more businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, we completed an initial public offering. On February 19, 2007, we incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius. On March 7, 2008, we consummated the acquisition of 63% of the equity of Sricon Infrastructure Private Limited (Sricon) and 77% of the equity of Techni Bharathi Limited (TBL). We acquired Sricon by purchasing a 63% interest for approximately $29 million (based on an exchange rate of 40 INR for $1 USD). Subsequently, we borrowed, through an intermediary company, approximately $17.9 million (based on 40 INR for $1 USD) from Sricon. The shares of the two Indian companies, Sricon and TBL, are held by IGC-M. Effective October 1, 2009, we reduced our stake in Sricon from 63% to 22% in consideration for the set off of the loan owed by IGC approximating $17.9 million.

On February 19, 2009 IGC-M beneficially purchased 100% of IGC Mining and Trading Private 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 shipping hubs and to export iron ore to China from India. On July 4, 2009, IGC-M beneficially purchased 100% of IGC Materials, Private Limited (IGC-MPL based in Nagpur, India), which conducts IGC's quarrying business, and 100% of IGC Logistics, Private Limited (IGC-LPL) based in Nagpur, India, which is involved in the transport and delivery of ore, cement, aggregate and other materials. 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. 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. India Globalization Capital, Inc. (the Registrant, the Company, or we) and its subsidiaries are engaged in the sale of construction materials, mining, quarrying and construction.

IGC's organizational structure is as follows:

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

Overview

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 building materials, as well as, logistical support for the transportation of infrastructure materials. IGC India Mining and Trading (“IGC-IMT”) was incorporated in December 2008 in Chennai, India. IGC-IMT is focused on the export of iron ore to China as well as the sale of iron ore to customers in India. IGC-MPL, IGC-LPL and IGC-IMT are all wholly-owned subsidiaries of IGC-M.

Techni Bharathi Limited (“TBL”) was incorporated as a public (but not listed on the stock exchange) limited company on June 19, 1982 in Cochin, India. TBL is an engineering and construction company engaged in the execution of civil construction, structural engineering projects and trading. TBL has a focus in the Indian states of Kerala, Karnataka, Assam and Tamil Nadu. Its present and past clients include various Indian government organizations.

Our approach is to offer integrated solutions to our customers such as construction services combined with the sale and transportation of materials.

Core business competencies

As the infrastructure in India is built out and modernized, the demand for basic raw materials like stone aggregate and iron ore (steel) is expected to increase. We offer an integrated set of services to our customers based upon several core competencies. This integrated approach provides us with an advantage over our competitors.

Our core business competencies are:

1. A sophisticated, integrated approach to project modeling, costing, management, and monitoring.
2. In-depth knowledge of southern and central Indian infrastructure development.
3. Knowledge of low cost logistics for moving commodities across long distances in specific parts of India.
4. In-depth knowledge of the licensing process for mines and quarries in southern and central India.
5. Strong relationships with several important construction companies and mine operators in southern and central India.

Our core business areas are:

1. Mining and trading. Our mining and trading activity currently centers on the export of iron ore to China and the resale of iron ore to traders in India. India is the fourth largest producer of iron ore. The Freedonia Group projected in May 2010 that China’s $1.15 trillion construction industry would grow 9.1% every year until 2014. This growth will increase China’s already large demand for steel. China, which accounted for 648 million metric tons of steel production in 2010, is expected to produce between 690 million and 710 million metric tons in 2011. As The Wall Street Journal reported, this production is expected to be almost half of total global output. We believe that IGC is well positioned to provide some Chinese steel mills with the iron ore needed to meet their demand. Our subsidiary IGC Mining and Trading Private Limited (IGC-IMT), based in Chennai, India, is engaged in the iron ore

business. The subsidiary has relationships and in some cases agreements with mine owners in Orissa and Karnataka, two of the largest ore mining belts in India. In addition, it operates facilities at seaports on the west coast of India and to a lesser extent on the east coast of India. The facilities consist of an office and a plot of land within the port to store iron ore. Our staff is experienced in delivering and managing the logistics of ore transport. Our subsidiary services a customer in China by buying ore from Indian mine owners, transporting it to seaports and then subcontracting stevedores to load the ships. Our share of the export market for iron ore is less than 1%.

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2. Quarrying rock aggregate. As Indian infrastructure modernizes, the demand for raw materials like rock aggregate, iron ore and similar resources is projected to greatly increase. In 2009, according to the Freedonia Group, India was the third largest stone aggregate market in the world. The report projected that Indian demand for crushed stone will increase to 770 million metric tons in 2013 and 1.08 billion metric tons in 2018. Our subsidiary, IGC Materials Private Limited ('IGC-MPL'), is responsible for our rock aggregate production. The subsidiary currently has two quarrying agreements with two separate partners. The two quarries being mined near Nagpur, a city in the state of Maharashtra, India, have approximately 10 million to 11 million metric tons of rock aggregate, or about $40,000,000 of reserves at current prices. With the production of these two quarries, our subsidiary is one of the largest suppliers in the immediate area. Our share of the overall market in India is currently less than 1%. However, IGC-MPL has a growing regional presence in the Nagpur area.

All quarrying or mining activities in India require a license. IGC and its subsidiaries do not directly hold any mining or quarrying licenses and therefore there are no licenses or expenses in connection with acquiring the same being reflected in the consolidated financial statements. However, Sricon holds licenses and we quarry under licenses held by our partners. For all quarries, the licenses are granted for two years. The licenses are automatically renewed for additional periods of two years, provided that all royalty payments and taxes to the Indian government are paid up to date. IGC-MPL has applied, on its own, for licenses for mining and quarrying. The process of obtaining a quarrying license is difficult and typically takes between 12-18 months. The process involves a competitive application process. As such, while we have applied for licenses, there is no assurance that we will be granted these licenses. IGC-MPL is also in active negotiations with other land and license owners to expand the number of producing quarries available to it.

3. Highway and heavy construction. The Indian government has developed a plan to build and modernize Indian infrastructure. The Wall Street Journal reported on March 23, 2010 that the government plans to double infrastructure spending from $500 billion to $1 trillion. It will pay for the expansion and construction of rural roads, major highways, airports, seaports, freight corridors, railroads and townships. A significant number of our customers are engaged in highway and heavy construction. Our subsidiary Techni Bharathi Limited ('TBL'), a small road building company, is engaged in highway and heavy construction activities. TBL has constructed highways, rural roads, tunnels, dams, airport runways, and housing complexes, mostly in southern states. TBL, because of its successful execution of contracts, is pre-qualified by the National Highway Authority of India (NHAI) and other agencies. TBL's share of the overall Indian construction market is very small. However, TBL's prequalification and prior track record provides a way to grow the company in highway and heavy construction. Currently, TBL is engaged in the recovery of construction delay claims that it is pursuing against NHAI, the Airport Authority of Cochin, and the Orissa State Works. Our share of the overall market in India is significantly less than 1%.

4. Construction and maintenance of high temperature plants. Through our unconsolidated, minority interest in Sricon Infrastructure Private Limited (Sricon), we engage in the civil engineering, construction and maintenance of high temperature plants. Sricon also has the specialized skills required to build and maintain high temperature chimneys and kilns. Sricon's share of this market in India is less than 1%. We currently hold equity in Sricon.

The following table sets out the revenue contribution from our subsidiaries:

Subsidiary	Year ended March 31, 2011		Year ended March 31, 2010	
TBL	2	%	22	%
Sricon*	-		17	%
IGC-IMT	53	%	56	%
IGC-MPL	44	%	3	%

IGC-LPL	1	%	2	%
Total	100	%	100	%

* - De-consolidated effective October 1, 2009

According to the global market researcher eMpulse, the construction industry's total market size in India is approximately $53 Billion. According to Reuters, India exports about 100 million tons of iron ore per year. Prices for iron ore have averaged around $140 per metric ton. The rock aggregate market is India is approximately $3 billion. As noted above, our share of these markets is less than 1%.

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Customers.

Our present and past customers include the National Highway Authority of India, several state high way authorities, the Indian railways, private construction companies in India and several steel mills in China.

Construction 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, 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, manpower required, and other qualifications 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. Generally, the lowest bid wins the contract. Additionally, contract bidders must meet several requirements to demonstrate an adequate level of capital reserves:

1) An earnest money deposit between 2% to 10% of project costs,
2) A performance guarantee of between 5% and 10%,
3) An adequate overall working capital, and
4) Additional capital available for plant and machinery.

Bidding qualifications for larger NHAI projects are set by NHAI and are imposed on each contractor. As the contractor actually executes larger highway projects, then the contractor may qualify for even larger projects.

Growth strategy and business model.

Our growth strategy and business model are to:

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 materials.
3) Leverage our expertise in the logistics and supply of iron ore by increasing the number of shipping hubs we operate from and continue to expand our offering into China and other Asian countries in order to take advantage of their expected strong infrastructure growth.
4) Expand the number of recurring contracts for infrastructure build-out to customers that can benefit from our portfolio of offerings.

Competition.

We operate in an industry that is competitive. However, the industry is fragmented and while a number of our competitors are well qualified and better financed than we are, we believe that the demand for contractors in general will permit us to compete for projects and contracts that are appropriate for our size and capabilities. Large domestic and international firms compete for jumbo contracts over $250 million in size, while locally based contractors vie for contracts worth less than $5 million. We seek to compete in the gap between these two ends of the competitive spectrum. The recent capital markets crisis has made it more difficult for smaller companies to grow to mid-sized companies because their access to capital has been restrained. While we are also constrained by capital we believe that we are in a better position to secure capital than a number of small, purely local competitors. Our construction business is 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 assuming that we can maintain access to capital. Rock aggregate is generally 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 and relatively efficient market, we compete by aggregating ore from smaller suppliers who do not have direct access to customers in China. Further, we expect to install a large iron ore crusher that can grind ore pebbles into fine ore particles, providing a value added service to the smaller mine owners.

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Seasonality.

The road building and construction industries typically experience naturally recurring seasonal patterns throughout India. The Northeast monsoons historically arrive on June 1, followed by the Southwest monsoons which usually continue intermittently until September. Historically, the business in the monsoon months is slower than in other months because of the heavy rains. Activities such as engineering and maintenance of high temperature plants are less susceptible to weather delays, while the iron ore export business slows down somewhat due to the rough seas. Flooding in the quarries can slow production in the stone aggregate industry during the monsoon season. However, our quarries build stone reserves prior to the monsoon season. The monsoon season has historically been used to bid and win contracts for construction and for the supply of ore and aggregate in preparation for work activity when the rains abate.

Employees and consultants.

As of March 31, 2011 we employed a work force of approximately 130 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 hope that our efforts will make our companies more attractive.

Environmental regulations.

India has 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. We believe that we are in compliance with all 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.

Current Chinese currency revaluation.

Bloomberg News reported on December 21, 2010 that U.S. senators are strongly encouraging China to hold up to their promise to re-institute a “managed floating exchange rate.” Also, they reported that the yuan is the best performer of the BRIC countries and has appreciated 24% to the dollar in the past decade. If a similar appreciation occurs, it will increase the purchasing power of Chinese steel mills buying iron ore, which is traded in USD. Chinese firms could buy more ore, even at a higher price, and IGC would benefit from an appreciation of the yuan.

Information and timely financial reporting.

Our operations are located in India where the accepted accounting standard is the Indian GAAP, which, in many cases, is not congruent with the U.S. GAAP. Indian accounting standards are evolving toward IFRS (International Financial Reporting Standards). We engage an independent public accounting firm registered with the U.S. PCAOB to conduct an annual audit of our financial statements. The process of producing financial statements is at times cumbersome and places significant demands upon our existing staff. We believe we are still some time away from having processes and adequately trained personnel in place to meet the reporting timetables set out by U.S. reporting requirements. Until then we may, on occasion, have to file for extensions to meet U.S. reporting timetables and it is possible that we may fail to meet these time tables. Failure to file our reports in a timely fashion can result in severe consequences including the potential delisting of our securities. In addition, our access to capital may become more difficult or limited if we fail to meet reporting deadlines. We will make our annual reports, quarterly reports, proxy statements, and up-to-date investor presentations available on our Web site, www.indiaglobalcap.com as soon as they are available. Our SEC filings are also available, free of charge, at www.sec.gov.

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Item 1A. Risk Factors

THE FOLLOWING RISK FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING THE COMPANY, ITS BUSINESS CONDITION AND PROSPECTS, FINANCIAL AND OTHERWISE. MANY INVESTMENT OPPORTUNITIES INVOLVE RISK FACTORS OR A RISK OF LOSS AND THE EXISTENCE OF BOTH NORMAL AND EXTRAORDINARY RISKS.

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

As we scale our operations we expect to increase the amount of money we borrow for working capital and the 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 operating margins, adversely affecting our operating income. Fortunately, most large debt rating agencies, including Standard & Poor’s and Moody’s, consider India’s debt stable.

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

The construction business is dependent on the central government of India, as well as the Indian state governments for contracts. Our operations and financial results may be affected by changes in the government’s policy toward building infrastructure. In addition, the recent slowdown in the Indian economy has caused a tightening of credit and a slowdown of companies bidding on government contracts. 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 and believe that government support for infrastructure spending will remain strong but we remain subject to possible changes in Indian government and monetary policies and regulations, which are beyond our control.

The Indian government currently bans the export of ore that has a ferrous content of 64% or more, preferring to keep that high grade ore for the production of steel in India. The Indian government could further curtail the export of iron ore, thereby hampering our business. If the Government were to impose a ban on the export of lesser quality ore, we would likely be forced to service our customers from sources other than India. In addition, during 2010, the government of Karnataka state banned the transportation and export of iron ore from 10 ports on the west coast of India due to allegations of illegal mining, storage, and transportation. The ban was initially upheld by the Karnataka High Court until regulatory action could be implemented to reduce the illegal activity. Iron ore exporters appealed against the ban to the Indian Supreme Court. The Supreme Court passed an order lifting the ban on iron ore exports from Karnataka in April 2011. This order was again challenged by the state government citing that the government needed more time to institute checks against illegal mining and export of iron ore. The matter is again pending adjudication at the Apex court and is likely to be resolved in the next few months. A significant portion of our iron ore exports along with other companies from Karnataka continue to be impacted by this ban.

The Chinese government imposed a ban on the import of low grade iron ore by traders in China in April 2010. This ban did not extend to Chinese steel mills with licenses to import iron ore. We have generally been in the business of exporting ore with ferrous content between 55% and 58% (low grade). The ban on the import of low quality ore by China, although revoked on September 2010, forced us to look for customers that are steel mills, which we did, and to shift the business to exporting higher quality ore, which we are now doing. We have shifted our business to exporting ore with ferrous content above 60%. However, further restrictions on the import of iron ore by the Chinese government could adversely affect our business and results of operations.

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 things as the rate of growth of gross domestic product, the inflation rate, capital reinvestment, resource self-sufficiency, and balance of payments position. Indian government actions in the future could have a significant effect on the Indian economy, which could have a material adverse effect on our ability to achieve our business objectives.

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Since mid-1991, the Indian government has committed itself to implementing an economic structural reform program with the object 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. According to the 2010 World Factbook published by the U.S. Central Intelligence Agency, the Indian government increased the pace of privatization in its transition from government control and toward a free market economy. A significant component of the program is the promotion of foreign investment in key areas of the economy. While the Indian 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 continue or 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 general business and economic conditions in India, which could, in turn, adversely affect our business.

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

Terrorist attacks and other acts of violence could have the direct effect of destroying our plants and property causing a loss and interruption of business. According to the CIA 2011 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 Pakistan and other neighboring countries. The longstanding dispute with Pakistan over the border Indian states of Jammu and Kashmir, a majority of whose populations are Muslim, remains unresolved. While India and Pakistan resumed formal peace talks, there are no guarantees that these will be successful.

In addition, India continues to struggle with insurgent attacks from Maoist- Naxalite groups. If the Indian government is unable to control the violence and disruption associated with these insurgencies, then the result could be the destabilization of the economy, and, consequently, an adverse effect on our business.

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

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

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

We are subject to India's rules and regulations on currency conversion. In India, the Foreign Exchange Management Act, FEMA, regulates the conversion of the Indian rupee into foreign currencies. However, as according to the Reserve Bank of India, comprehensive amendments have been made to FEMA to support the government's policy for economic liberalization. Companies are now permitted to operate in India without any special restrictions, effectively placing them on a par with wholly-owned Indian 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 exchange may limit our ability to use our cash flow to fund operations 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. We receive payment in Indian rupees for the construction work and the sale of rock aggregate. Our contracts to supply iron ore to Chinese companies are paid in U.S. dollars. As the results of our operations are reported in U.S. dollars, to the extent that there is a decrease in the exchange rate of Indian rupees relative to U.S. dollars, such a decrease could have a material impact on our operating results or financial condition. This is unlikely because, as The Wall Street Journal reported in mid-April, the rupee in expected to appreciate another 3% against the dollar by the end of the year.

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

Our investments in India will incur tax risks unique to investments in India and in developing economies in general. Income that might otherwise not be subject to the withholding of local income tax under normal international conventions may become subject to the 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 being from sources outside India in other contexts. Additionally, proof of payment for Indian income taxes may be required as part of the remittance procedure. Any Indian taxes paid by us on income from our investments in India may or may not be creditable on our U.S. income tax returns. We may also incur taxes in India on any profits that we may choose to distribute as dividends to our shareholders.

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 their application to us. We have also created a foreign subsidiary in Mauritius, in order to limit the potential tax exposure.

Lack of availability of raw materials at competitive prices may negatively impact our profits.

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 material supply firms increases for procuring raw materials, we could face a disproportionate increase in the price of raw materials that may negatively impact our profitability. To mitigate this risk, we are taking steps to become more vertically integrated, such as producing rock aggregate.

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

The construction business is dependent on central and state Indian government budget allocations to the infrastructure sector. We derive the bulk of our construction revenue from contracts awarded by the Indian central and state governments and their agencies. If there are delays in payments by the government, our working capital requirements could increase. Our materials business is dependent on private sector companies which could be affected by government delays, indirectly burdening our business.

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 U.S. Foreign Corrupt Practices Act, which generally prohibits U.S. public companies from engaging in bribery of or other prohibited payments to foreign officials for the purposes of obtaining or retaining business. While we will take precautions to educate the employees of our subsidiaries on the provisions 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 would have an adverse effect on our business, financial condition, and results of operations.

We may issue additional shares of our capital stock, including through convertible debt securities, which would reduce the equity interest of our stockholders and possibly 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 $0.0001 per share and 1,000,000 shares of preferred stock, par value $0.0001 per share. There are currently approximately 38,485,247 authorized but unissued shares of our common stock available for issuance. This is after appropriate reservation for the issuance of shares upon full exercise of our outstanding warrants and shares and options authorized for issuance under our 2008 Omnibus Incentive Plan. It is also after the reservation for conversion of all of the 1,000,000 shares of preferred stock available for issuance.

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We issued an aggregate of 2,516,389 shares of our common stock in connection with a private placement of debt securities and exchange of previously issued debt securities for new debt securities and common stock in October 2009, November 2010, December 2010, February 2011 and March, 2011, and may engage in similar private placements in the future. In addition, we may from time to time sell shares at the market. The issuance of additional shares of our common stock including the conversion of any debt securities may:

· Significantly reduce the equity interest of our existing shareholders.

· Adversely affect prevailing market prices for our common stock, warrants or units.

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

During the 2009 and 2010 fiscal years, we sold an aggregate $4,000,000 in private placements of debt securities and may engage in similar private placements in the future. In the current year, we have modified the terms of the debt arrangement to extend the repayment under the agreements and as a consideration for this extension issued equity shares to the debt holders. The incurrence of this debt and any subsequent modifications to the terms may:

· lead to default if our operating revenues are insufficient to pay our debt obligations;

· 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;

· 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;

· 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 securities are outstanding, or to the extent our existing leverage discourages other potential investors; and

· potentially lead to a dilution of our ownership if there are any subsequent issues of equity shares as consideration for further modifications or settlements.

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. If we are unable to obtain required additional capital, we may have to curtail our growth plans or cut back on existing business. Furthermore, 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. These costs may be increased because we may not currently be able to use a short-form registration statement on Form S-3 which will increase the costs and timing for any registered offering of our securities. In addition, to the extent that we are unable to provide timely reporting of our financial results it may further impair our ability to raise capital. 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.

Assessment of penalties for time overruns and lack of quality 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 the contracts are not executed in a timely manner. If TBL is unable to meet the performance criteria prescribed by the contracts, then levied penalties may adversely affect our financial performance. Furthermore, we may pay demurrage for some of our iron ore delivery contracts, if ore is not loaded onto ships in the time prescribed by delivery contracts. The payment of demurrage may adversely affect our financial performance. The ore shipped by us from India is shipped with a quality certificate from a leading company. However the buyers in China also perform quality measurements, which could differ from the initial quality certificate. This may result in negative price adjustments affecting our profit margins. The rock aggregate business is less sensitive to time overruns and quality.

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

Our business requires developing and maintaining strategic alliances with contractors that undertake turnkey contracts for infrastructure development projects and with 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.

Substantial portions of our assets are invested in Sricon. We currently do not have sufficient financial information about Sricon and the lack of such financial statements may impact our ability to accurately value our investment in Sricon.

We own 22% of the outstanding stock of Sricon Infrastructure Private Limited ("Sricon"). Despite our efforts to obtain current audited financial statements and other information from Sricon, they have refused to voluntarily supply such information. We have initiated legal actions, petitioning the Company Law Board ("CLB") in India to compel Sricon to supply the relevant information for the financial years ended March 31, 2011 and 2010. While we expect the CLB to ultimately grant us relief
and while we have been able to obtain some information, including Sricon's unaudited balance sheet as of December 31, 2009, contract claims Sricon is pursuing in the courts and independent valuations of Sricon's real estate plant and machinery, all of which we have used in testing the impairment of the our receivable and investment in Sricon, the absence of other current financial information makes it difficult to accurately assess the value of our investment in Sricon. Further, we did not have the audited financial statements of Sricon for the year ended March 31, 2010 when we prepared our financial statements for that period.

In order to protect our investment in Sricon the Company has taken the following additional steps. In November 2010 the Company petitioned the high Court of Nagpur, India, for relief on its receivable and informed the court that it had a claim on Sricon's assets. In January 2011 the Company received an order from the Company Law Board in India, a quasi-court that has jurisdiction over Indian companies, freezing all assets and stopping Sricon from incurring additional liability. The CLB also ordered Sricon to allow the Company to inspect its books. The January order notwithstanding, we further petitioned the CLB to compel Sricon to provide financial information and grant access to review and inspect the book of records, including financials, bank data, board meetings, property, plant and equipment register, and other relevant information as required. Pursuant to the CLB order, the Company has visited Sricon to conduct inspections in January 2011, February 2011, April 2011 and June 2011. While we have been able to obtain some information, we are not able to monitor Sricon on a day-to-day basis nor do we yet have complete financial information for Sricon. This makes it difficult to accurately monitor the value of our investment in Sricon. As of March 31, 2011 we carry the Sricon investment on our books at $6.4 million and this value may be reduced in the future.

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. U.S. senior management and the senior management of our subsidiaries have played a significant role in developing and executing the overall business plan. They are also vitally important to maintaining client relationships, proprietary processes, and technology. While no one is irreplaceable, the loss of the services of any of our officers would be disrupting 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 this risk factor we are recruiting professional managers and expanding our executive ranks, as well as, developing a succession plan, but there can be no guarantees that our 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. During the monsoon season, the heavy rains slow down construction work resulting in an overall slowdown of the supply of materials and 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.

· The availability of enough ships to transport iron ore during any particular quarter.

· Commencement, completion and termination of contracts during any particular quarter.

· Additions and departures of key personnel.

· Claims filed for delays in the execution and changes in the scope of contracts, among others, can sometimes enter arbitration and take time to settle. This could result in a tightening of working capital.

· Strategic decisions made by us and our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments and changes in business strategy.

Our revenue recognition policy records contract revenue for those stages of a project that we complete after we receive certification from the client that the stage has been successfully completed. Since revenue is not recorded until we receive a certification from our clients, revenue recognition can be uneven.

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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 and investment associated with any of our businesses in the future.

We review our goodwill balance and investments 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 their carrying amounts may not be recoverable. In the fourth quarter of our 2011 fiscal year, we performed our annual test for goodwill and investment impairment and determined that our goodwill arising on account of the acquisition of TBL and our investment in Sricon was further impaired. Similarly, in the future, if our projected discounted cash flows or the recoverable value of the underlying assets associated with our businesses do not exceed the carrying value of their net assets, we may be required to record further write downs of the carrying value of other long-lived assets associated with our businesses. If that is the case, then our operating results and the market price of our common stock may be adversely affected.

Our subsidiaries may become involved in litigation in the future.

Our construction and aggregate contracts are subject to the jurisdiction of the Indian courts. Our iron ore contracts frequently are subject to the jurisdiction of other foreign countries. Our subsidiaries may have to initiate actions in the Indian courts or in foreign courts to enforce their rights and may also be drawn into litigation. The expenses of litigation and any judgments against us could have an adverse effect on us.

We face competition in the infrastructure industry.

The Indian real estate and infrastructure industries, including the mining industries, are increasingly attracting foreign capital. We currently have competition from international and 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 downturn 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 in 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 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. This might result in the suspension of operations, and may 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 the summer months and during the monsoon season, which restrict our ability to carry on construction 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 and 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 and build material reserves, temporarily reducing profitability.

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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 U.S. GAAP, we may experience delays in closing 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 and new rules 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 improved systems and processes as required. However, we cannot be certain as to the timing or completion of the remediation actions, or their impact on our operations. Furthermore, it is difficult to hire personnel in India who are familiar with U.S. GAAP. However, we have hired several competent consultants to help review our internal reporting and disclosures, and to train our Indian staff in SEC reporting and U.S. GAAP. We do not foresee a risk other than the time required to adequately complete the training and to implement the improved processes.

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

While our audit firm, Yoganandh & Ram, is registered with the U.S. 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. During the year ended March 31, 2010, the PCAOB conducted an inspection of Yoganandh & Ram. One result of the inspection is an expected increase in our auditing expense.

The Company has 12,972,532 warrants outstanding, the exercise of 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.

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 declared effective, in which case our warrant holders may not be able to exercise our public warrants and such warrants may expire worthless.

We have issued warrants to purchase our common stock in three public offerings: our initial public offering in March 2006, a registered direct offering in September 2009 and a public offering in December 2010. In the absence of an applicable exemption, holders of warrants issued in our public offerings 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 respective warrant agreements relating to such warrants, 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 as soon as possible, we do not have such a registration statement currently effective and we cannot assure the warrant holders that we will be able to do so in the future. We may not be currently eligible to register the warrants on a short-form registration on Form S-3 which will likely increase the time it will take to obtain an effective registration statement for exercise of the warrants. If we fail to comply with our contractual obligations we could be liable to the holders of the warrants. 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 (provided that the holders of the warrants issued in our September 2009 and December 2010 offerings are entitled to cash payments if we fail to deliver shares issuable upon exercise of the warrants in a timely fashion). 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 even expire worthless. The warrants issued in our initial public offering that were to expire on March 3, 2011, now expire on March 8, 2013 since we exercised our right to extend the terms of those warrants. The warrants issued in our September 2009 and December 2010 offerings expire on September 18, 2012 and December 8, 2017 respectively. The outstanding warrants issued in our September 2009 and December 2010 offerings, currently exercisable for an aggregate of 1,117,410 shares of common stock, give the holders of such warrants the right to exercise the warrants on a cashless basis if at the time of exercise there is not an effective registration statement available for the issuance of the shares issuable upon exercise of the warrants. We would not receive any proceeds from the cashless exercise of the warrants.

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With respect to any warrants sold by us in private placements pursuant to an exemption from registration requirements under the federal securities laws, the holders of the warrants sold in such private placements would 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 would not have any material restrictions with respect to the exercise of their warrants.

The issuance of certain of securities by us may not have been made in compliance with the federal and state securities laws, which exposes us to potential liabilities, including potential rescission rights.

On July 14, 2010 we filed our Form 10-K for the fiscal year ended March 31, 2010. The Form 10-K contained audited financial statements included a qualified opinion from our auditors pending completion of their audit procedures in respect of the deconsolidation of one of our subsidiaries. We subsequently filed an amended Form 10-K which includes an unqualified audit opinion.

On January 19, 2011, the Securities and Exchange Commission (the "Commission") notified us that the initial financial statements filed on July 14, 2010 did not comply with the requirements of Rule 2-02 under Regulation S-X for audited financial statements because the financial statements contained a qualified opinion. As noted above, the amended Form 10-K filed on January 28, 2011 contains audited financial statements with an unqualified opinion that comply with Rule 2-02. The Commission has indicated that as the initial Form 10-K filed on July 14, 2010 was materially deficient as a result of the inclusion of the qualified audit opinion. It was therefore deemed not to have been filed with the Commission in accordance with applicable requirements, thus making us delinquent in its filings with the Commission.

The Commission has informed us that as a result of the deemed failure to timely file a Form 10-K, it is the Staff's view that as of July 14, 2010 we ceased to be eligible to use SEC Form S-3 for the registration of the Company's securities. As the financial statements included in the original Form 10-K were also included in a registration statement on Form S-1 (File No. 333-163867) pursuant to which we offered its common stock and warrants to purchase common stock in December 2010 (the "December 2010 Offering"), the Commission has also indicated that such registration statement failed to comply with the requirements of Form S-1 due to the lack of the inclusion of unqualified audited financial statements in compliance with Commission requirements.

Since the Commission has informed us that it is the Commission's view that as of July 14, 2010 we ceased to be eligible to use Form S-3 for the registration of our securities, it is possible that any sales of our securities pursuant to our registration statements on Form S-3 since July 14, 2010 may be deemed to be unregistered sales of its securities. Since July 14, 2010, we have sold an aggregate of 2,292,760 shares of its common stock for an aggregate price of $ 1,536,886 pursuant to an at-the-market offering ("ATM") of its common stock on Form S-3 (File No. 333-160993) in sales that occurred between September 7, 2010 and January 19, 2011. In addition, we may be deemed to have made unregistered sales of the 2,575,830 shares of common stock and warrants to purchase an aggregate of 858,610 shares of common stock at an exercise price of $0.90 per share sold for an aggregate gross purchase price of $1,545,498 sold pursuant to such registration statement with respect to the December Offering. Alternatively, to the extent that the sales are deemed to be registered as a result of being sold pursuant to registration statements declared effective by the Commission as the registration statements in question either incorporated, in the case of the Form S-3 or included, in the case of the Form S-1, a qualified audit report the registration statements could be deemed to be materially incomplete.

If it is determined that persons who purchased our securities after July 14, 2010 purchased securities in an offering deemed to be unregistered or that the registration statements for such offerings were incomplete or inaccurate, then such persons may be entitled to rescission rights. In addition, the sale of unregistered securities could subject us to enforcement actions or penalties and fines by federal or state regulatory authorities. We are unable to predict the likelihood of any claims or actions being brought against us related to these events, and there is a risk that any may have a material adverse effect on us. To date, we have not received any rescission requests.

If equity research analysts do not publish research or reports about our business, or if they issue unfavorable commentary or downgrade our common stock, then 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.

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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.

If we fail to comply with the NYSE Amex listing requirements, we could be delisted from the NYSE Amex equities market. Any such delisting could potentially limit investors’ ability to make transactions in our securities and subject us to additional trading restrictions.

If we fail to comply with the listing requirements of the NYSE Amex we could be delisted from the NYSE Amex equities market. If at any time in the future, the NYSE Amex delists our securities from trading on its exchange, we could face significant adverse consequences, including a:

· limited availability of market quotations for our securities;

· determination that our common stock is a “penny stock” which will require brokers trading in our common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;

· limited amount of news and analyst coverage for our company; and

· decreased ability to issue additional securities or obtain additional financing in the future

If our common stock were delisted and determined to be a “penny stock,” a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock in the secondary market.

If our common stock were removed from listing with the NYSE Amex, it may be subject to the so-called “penny stock” rules. The SEC has adopted regulations that define a penny stock to be any equity security that has a market price per share of less than $5.00, subject to certain exceptions, such as any securities listed on a national securities exchange. For any transaction involving a penny stock, unless exempt, the rules impose additional sales practice requirements on broker-dealers, subject to certain exceptions. If our common stock were delisted and determined to be a penny stock, a broker-dealer may find it more difficult to trade our common stock and an investor may find it more difficult to acquire or dispose of our common stock on the secondary market. Investors in penny stocks should be prepared for the possibility that they may lose their whole investment.

Item 1B. Unresolved Staff Comments

Not applicable

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Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 4336 Montgomery Avenue, Bethesda, Maryland, 20814. TBL's headquarters are located at 34/136 A Edappally Bypass Road, Cochin 682024, Kerala, India. In addition, we have offices in Mauritius, Nagpur, Chennai and Bangalore, India. We have temporary facilities at each of our work centers in the states of Karnataka, Maharashtra, Tamil Nadu, and Goa.

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

Item 3. Legal Proceedings

In January 2011, one of our subsidiaries -IGC-M- initiated legal proceedings against the Sricon management requesting the Company Law Board in India to stay any transactions -such as purchase, sale or a further creation of charge on Sricon's fixed properties including land and plant and machinery - citing mismanagement of company affairs by the present management. IGC-M has also sued for recovery of the investment in Sricon and suitable compensation thereon.

Subsequently in January 2011, the Company received a favorable order from the Company Law Board granting the requested stay. The proceedings for the recovery of investment and a suitable compensation are currently pending adjudication at the Company Law Board, Mumbai.

Item 4. [Reserved.]

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PART II

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

The Company consummated its initial public offering on March 8, 2006. In the initial public offering, the Company offered units for purchase. A unit in the Company is comprised of one share of common stock of the Company and two warrants to purchase one share of common stock. On April 13, 2006, there was a voluntary separation of the Company's units into shares of common stock and warrants to purchase common stock which permitted separate trading of the common stock and warrants. The common stock, units and warrants trade on the NYSE Amex under the symbols "IGC," "IGC.U," and "IGC.WT," respectively.

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
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
March 31, 2010	$ 1.67	$ 1.17	$ 0.13	$ 0.03	$ 1.41	$ 1.20
June 30, 2010	$ 2.05	$ 0.92	$ 0.12	$ 0.03	$ 2.45	$ 1.06
September 30, 2010	$ 1.22	$ 0.58	$ 0.05	$ 0.01	$ 1.32	$ 0.85
December 31, 2010	$ 1.15	$ 0.52	$ 0.04	$ 0.00	$ 1.23	$ 0.55
March 31, 2011	$ 0.93	$ 0.30	$ 0.04	$ 0.00	$ 1.00	$ 0.62

Securities Authorized for Issuance Under Equity Compensation Plans

The following table includes the information as of March 31, 2011 for our equity compensation plans:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	1,413,000	$ 1.00	471,045

Equity compensation plans not approved by security holders	-		-	-
Total	1,413,000	$	1.00	471,045

(1) Consists of our 2008 Omnibus Incentive Plan, as amended. See Note 16—"Stock-Based Compensation" of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

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Holders

Continental Stock Transfer & Trust Company is the transfer agent and registrar for our common stock. As of July 5, 2011, we had 3,890 holders of record of our common stock, 149 holders of record of our units and 2,049 holders of record of our warrants. The number of record holders does not include persons who held our common stock in nominee or “street name” accounts through brokers.

Dividends

IGC has not paid any cash dividends on its common stock to date. It is the present intention of the board of directors to retain all earnings, if any, for use in the business operations. Consequently, the board does not anticipate declaring any dividends in the foreseeable future. The payment of any dividends will be at 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.

Unregistered Sales of Equity Securities

There were no unregistered securities sold by us during the fiscal year ended March 31, 2011 not previously reported on a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

During the fourth quarter of our fiscal year ended March 31, 2011, the Company made no purchases of its equity securities.

Item 6. Selected Financial Data

Item 6 does not apply to us because we are a smaller reporting company.

Item 7. Management's Discussion and Analysis

Overview of Restatement

In this Annual Report on Form 10-K, India Globalization Capital, Inc.:

(a) Restates its consolidated statements of operations and consolidated cash flows for the year ended March 31, 2010;

(b) Amends its management discussion and analysis as it relates to the year ended March 31, 2010; and

(c) Restates its unaudited quarterly financial data for the quarter ended December 31, 2009

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Background of the restatement:

As previously disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on June 15, 2011, the Company's management, in consultation with the Company's independent registered public accounting firm, concluded that the financial statements for the year ended March 31, 2010 (the "2010 Annual Financial Statements") included in the Company's Annual Report on Form 10-K for the year then ended, as amended (the "2010 Annual Report") and in the quarterly Form 10-Q for the period ended December 31, 2009 should no longer be relied upon.

The changes described above are non-cash items and do not impact the Company's operations.

The financial statements have been restated to reflect:

(i) A Reclassification in the Company's Statement of Cash Flows: Sricon India Private Limited (SIPL), a subsidiary of IGC Inc., had been deconsolidated effective October 1, 2009. Upon deconsolidation, the cash flows of SIPL for the six months ended September 30, 2009 were re-classified and presented as equity in earnings of affiliates. The cash flows for the year ended 31 March 2010 have now been restated to contain transactions relating to SIPL up until the date of deconsolidation; and

(ii) Computation of diluted earnings per share: The effect of dilution was inadvertently considered while computing the Earnings Per Share (EPS) although there was a loss by IGC Inc. The restatement now rightly shows the EPS taking into consideration the loss.

(iii) Tax rate reconciliation: Our tax rate reconciliation as of March 31, 2010 is restated so that the effective tax rate in our financial statements is in line with the effective tax rate computed in our statement of operations.

Effects of Restatement

The restated items are non-cash and do not impact the Company's operations.

The adjustments made as a result of the restatement are more fully discussed in Note 3, Restatement of Previously Issued Financial Statements, of the Notes to Consolidated Financial Statements included in this Annual Report. To further review and understand the restatement adjustments, see Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Annual Report. For a description of the deficiencies in control over financial reporting identified by management as a result of the investigation and our internal reviews, and management's plan to remediate those deficiencies, see Part II—Item 9A—Controls and Procedures.

The previously filed Annual Reports for the period ended March 31, 2010 filed on Form 10-K and quarterly report for the period ended December 31, 2009 filed on Form 10-Q were affected by the restatement and have not been amended. Instead the amended statements are presented here. Accordingly, investors should no longer rely upon the Company's previously released financial statements for these periods and any earnings releases or other previous communications relating to these periods.
All amounts in this Annual Report for the period ended March 31, 2010 are the amounts as restated.

Forward-Looking Statements

This report contains forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995, including, among others, (a) our expectations about possible business combinations, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “should,” “expect,” “anticipate,” “approximate,” “estimate,” “believe,” “intend,” “plan “project,” or the negative of these words or other variations on these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found in this report. Actual events or results may differ from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under our “Description of Business” and matters described in this report generally. In light of these risks and uncertainties, the events anticipated in the forward-looking statements may or may not occur. These statements are based on current expectations and speak only as of the date of such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise.

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

Background

IGC, a Maryland corporation, was organized on April 29, 2005 as a blank check company 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.

Subsequent to the acquisitions, IGC borrowed, through an intermediary, approximately $17.9 million from 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 Sricon and TBL as the acquired entities. However since no premium was paid for the acquisition of these entities and since these entities had no operations at the time of purchase, there was no goodwill recorded on acquisition relating to these entities.

On February 19, 2009 IGC-M beneficially purchased 100% of IGC Mining and Trading, Limited 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 to export iron ore to China. 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, 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%. As explained in Note 18 (Deconsolidation) to the financial statements included herein, on or about 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). Throughout 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 $17.9 million, and more importantly, continue to fund two construction companies, we decreased our ownership in Sricon from 63% to 22.3%. The impact of this is that our corresponding ownership is a non-controlling interest. The deconsolidation of Sricon from the balance sheet of IGC resulted in reducing the assets on our balance sheet and a one-time charge to our income statement.

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).

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Overview

In response to the increased demand for infrastructure in India and China, our focus is to supply construction materials in India and to China as well as execute infrastructure projects. We do this primarily through our subsidiaries. We supply construction materials such as iron ore and rock aggregate. We build interstate highways, rural roads, and execute civil works in high temperature cement and steel plants. We own and operate rock aggregate quarries. We are pursuing joint venture partnerships with mine owners and have applied for licenses to mine iron ore in India. We have customers in India and China and are exploring other regional opportunities.

Company Overview

We are a materials and construction company offering a suite of services including: 1) the export of iron ore to China, 2) operations and supply of rock aggregate, and 3) the civil construction of roads and highways. Our present and past clients include various Indian government organizations and steel mills in China. Including our subsidiaries, we have approximately 130 employees and contractors. We are focused building out rock aggregate quarries, setting up relations and export hubs for the export of iron ore to China and winning construction contracts.

On January 21, 2011 ex-Minister for Road Transport and Highways, Mr. Kamal Nath, current India's Minister of Urban Development, told The Economic Times that he "had succeed in building a momentum in India's road construction […] [by leaving] more than 20,000 km of work in progress [..][and by achieving] 12 km a day of road construction." According to the 2010 India Infrastructure Summit, the strong level of economic growth achieved in India in recent years has led to an expansion of industry, commerce and per-capita income. This in turn has fuelled demand for infrastructure services including energy, transportation, telecom, water supply and other urban infrastructure. This build out of infrastructure in India, we believe, will create a substantial demand for rock aggregate. In addition, and according to the April 2011 Steel Industry Executive Summary by the U.S. International Trade Administration, China's February 2011 steel production level increased by 2.8% to 54.3 million metric tons from 52.8 million metric tons in January. The same source asserts that China's share of total world steel production increased from 44% to 47% between January 2011 and February 2011, accounting for nearly half of monthly total world production. We believe that these trends will continue to be favorable to our business.

Our model is as follows:

1. We supply iron ore to China and trade in steel in the Indian markets.

2. We supply rock aggregate to the construction industry in India and trade in other construction materials in the Indian markets, and

3. We bid and execute construction and engineering contracts.

Our expansion plans include building out 10 rock aggregate quarries to create a one-stop shop for rock aggregate (a business currently not prevalent in India); obtaining licenses for the mining of iron ore in India in order to fill customer orders from China; and winning and executing construction contracts. There is seasonality in our business as outdoor construction activity slows down during the Indian monsoons. The heavy rains typically continue intermittently from June through September.

Industry Overview

The CIA 2011 World Fact Book estimated the Indian GDP to be approximately $1.43 trillion in 2010. According to the World Bank, only fifteen economies including India, Mexico and Australia generated more than $1 Trillion in

GDP in 2010. According to the CIA 2011 World Fact Book, “strong headline GDP growth and quarter-on-quarter results indicate that the recovery of the Indian economy is robust. Backed by strong growth of 8.9 percent y-o-y in the first half of FY2010-11, the economy is estimated to grow by 8.6 percent during the fiscal year.” The Financial Times noted that a recent Economic Survey of India projected growth at 8.5% in 2010 and 9% in 2011, second only to that of China.

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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 the spending habits of the Indian middle class. Other factors that led to growth include: changing investment patterns, increasing consumerism, healthy business confidence, inflows of foreign investment (India ranks #3 in the A.T. Kearney "FDI Confidence Index" for 2010), and improvements in the Indian banking system.

To sustain India's fast growing economy, infrastructure investment in India is expected to increase to 9 percent of GDP by 2014, up from 5 percent 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 approximately 17%.

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 $2.0 billion annually. In addition, the Indian government has identified public-private partnerships (PPP) as the cornerstone of its infrastructure development policy. The Indian 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, India needs $1 trillion in Infrastructure spending between fiscal years 2011/2012 and 2016/2017.

The Indian government is also permitting External Commercial Borrowings (ECB's) as a source of financing Indian companies looking to expand existing capacity and 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 the International Finance Corporation (Washington, DC), ADB, AFIC, CDC, etc. National credit policies seek to keep an annual cap or ceiling on access to ECB, consistent with prudent debt management. These policies encourage a greater emphasis on infrastructure projects in core sectors such as power, oil exploration, telecom, railways, roads and bridges, ports, industrial parks, urban infrastructure, and exporting.

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. See the risk factors set forth in Item 1A of this Form 10-K for the fiscal year ended March 31, 2011 for a discussion of certain of these risks.

Results of Operations

Fiscal year ended March 31, 2011 compared to fiscal year ended March 31, 2010

The following table presents an overview of our results of operations for the fiscal years ended March 31, 2011 and 2010:

	Year ended March 31, 2011 (as restated)	Year ended March 31, 2010 (as restated)	Change	Percentage
Revenues	$ 4,073,919	$ 17,897,826	$ (13,823,907)	-77.24%
Cost of revenues	(3,914,655)	(15,671,840)	11,757,185	-75.02%
	(7,283,089)	(5,614,673)	(1,668,416)	29.72%

Selling, General and Administrative expenses				
Depreciation	(785,066)	(603,153)	(181,913)	30.16%
Impairment loss – goodwill	(5,792,849)	-	(5,792,849)	100.00%
Impairment loss – investment	(2,184,599)	-	(2,184,599)	100.00%
Operating income (loss)	(15,886,339)	(3,991,840)	(11,894,499)	297.97%
Interest and other financial expenses	(1,587,237)	(1,577,902)	(9,335)	0.59%
Interest Income	262,826	210,097	52,729	25.10%
Other Income	301,182	281,782	19,400	6.88%
Loss on dilution of stake in Sricon	-	(2,856,088)	2,856,088	-100.00%
Equity in earnings of affiliates	-	16,446	(16,446)	-100.00%
Income before income taxes and minority interest	(16,909,568)	(7,917,505)	(8,992,063)	113.57%
Income taxes benefit/(expense)	(4,100,225)	3,109,704	7,209,929	231.85%
Income after income taxes	$ (21,009,793)	$ (4,807,801)	$ (16,201,992)	336.99%

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Revenue - Total revenue is $ 4.07 million for the year ended March 31, 2011, as compared to $17.90 million for the year ended March 31, 2010. The primary reasons for the decrease in revenues of $ 13.83 million include:

- One of the former subsidiaries of the Company -Sricon- was deconsolidated due to a stake sale effective October 1, 2009. The revenue attributable to Sricon for the year ended March 31, 2010 was $3.1 million (which constituted revenues for the six months ended September 30, 2009 prior to the deconsolidation) which was not recorded in the current year.
- Decrease in revenue from the infrastructure business amounting to $3.92 million primarily on account of claims awarded in the previous year which was recorded as revenue. There were no such claims awarded during the current year.
- Decrease in revenue from the iron ore and mining businesses amounting to $7.84 million primarily on account of the ban on export of low grade iron ore to China and closure of ports and mines in Karnataka as explained earlier in the risk factors.

This decrease is partially offset by an increase amounting to $1.3 million on account of the trading business in rock aggregate and other construction materials.

Cost of Revenue - Cost of revenue is exclusive of depreciation and amortization. It 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 for the year ended March 31, 2011 decreased by $11.8 million, compared to the year ended March 31, 2010. This decrease is substantially in line with the decrease in revenue as explained above.

Cost of revenue as a percentage of revenue has increased from 87.56% in the previous year to 96.09% in the current year. This increase is on account of the significant decline in the iron ore business in the current year.

The difference between our revenues and cost of revenues decreased by $ 2.07 million or 93% to $ 0.16 million for the year ended March 31, 2011 as compared to $2.23 million for the year ended March 31, 2010. The principal reason for the decrease in the same during the year ended March 31, 2011 as compared to the previous year was the reduction in revenue during the year as explained above. As a percentage of revenue, the difference between revenue and cost of revenue was 3.91% and 12.44% for the years ended March 31, 2011 and 2010, respectively. Even though a significant part of the costs associated with revenue also decreased in line with revenue, we had some fixed costs which did not reduce proportionately leading to a decline in our gross profit margin.

Selling, General and Administrative expenses – These consist primarily of employee-related expenses, professional fees, other corporate expenses, allocated overhead and provisions and write-offs relating to doubtful and bad debts and advances. Selling, general and administrative expenses were $ 7.28 million for the year ended March 31, 2011 compared $5.61 million for the year ended March 31, 2010. The expenses as a proportion of revenue during the current year were 178.77% as compared to 31.37% in the previous year. The substantial increase in this proportion was primarily due to:

- Provision relating to the receivable from one of the investee companies – Sricon. One of the subsidiaries of the Company -TBL- had advanced this loan to Sricon to fund some of the operations. However due to certain management disputes, the Company the receivable has not been recovered even though the same is due. The Company intends to pursue the collection of this receivable through appropriate legal recourse in India. However, due to the uncertainty in the timing and the quantum of collection, the Company in the current year has provided for this receivable amounting to $3.14 million.
- Write-off of certain bad debts that were considered to be irrecoverable amounting to $1.52 million.

Out of the total write off for the year ended March 31, 2011 amounting to $1.52 million, $1.26 million relates to the sale of ore. The receivable arose when we shipped ore to a Chinese company. With almost no warning the Chinese government banned the import of ore below 60% Fe content, except by a few licensed ore dealers. Our dealer was not one of them. Given the sudden unanticipated change in the rules, we were forced to sell the ore to another dealer. The new dealer took possession of the iron ore and the receivable was supposed to be collected within 90 days. After several months of discussion with the dealer failed to resolve the issue, we decided to write off the amount. The remaining write-off amounting to $0.26 million relates to sales in the normal course of business arising from the sale of rock aggregate and iron ore.

Excluding the impact of the above write-offs, the selling, general and administrative expenses as a proportion of revenue was 64.37% in the current year as compared to 31.37% in the previous year. The increase is due to the fixed overheads incurred for the operations that are not proportionate to the revenue generated.

Depreciation – The depreciation expense was $ 0.7 million in 2011 as compared to $0.6 million in 2010.

Income from operations - Loss from operations increased from $3.99 million for the year ended March 31, 2010 to a loss of $7.91 million for the year ended March 31, 2011, which is an increase of $3.92 million in losses.

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Interest and other financial expense– The interest expense for the year ended March 31, 2011 was $ 1.59 million as compared to $1.58 million for the year ended March 31, 2010. For the previous year ended March 31, 2010, interest expense relating to Sricon amounting to $0.29 million was recorded in the books of the Company. As explained earlier, Sricon was deconsolidated effective October 1, 2009 and therefore no such interest expense was recorded in the books during the current year. However, there is a corresponding increase of $0.28 million in the interest expense primarily due to the modification of the notes payable which were due in the current year. The Company has extended the term of repayment for these notes and the consideration for the modification was settled through the issue of equity shares.

Interest income – The interest income for the year ended March 31, 2011 was $ 0.26 million as compared to $0.21 million for the year ended March 31, 2010.

Impairment loss – investment – During the current year, the Company performed an impairment analysis relating to its investment in Sricon. As a background, the Company sold a majority part of its stake in Sricon effective October 1, 2009. Following the sale, the equity interest of the Company in Sricon was reduced from 63% to 22%. In the current year, the Company has had a dispute with the management of Sricon. IGC has therefore moved to a cost basis of accounting for the investment in Sricon given the lack of significant influence in the management of Sricon despite our 22% stake. The Company conducted an impairment test on the investment based on the information available with it and as a result has provided for $2.18 million as impairment loss.

Impairment loss – goodwill – The goodwill balance in the books of the Company is allocated to the TBL reporting unit. During the current year, in the fourth quarter, the Company performed its annual impairment test on the goodwill balance. The Company assessed the fair value of the reporting unit based on the recoverable values of the assets and the expected settlement values of its liabilities. Based on the impairment analysis, the Company has provided for a loss amounting to $5.79 million relating to the goodwill balance for the year ended March 31, 2011. Factors that influence the analysis include contracts, potential contracts, collection of claims, ability to grow the quarry and ore business, and other factors.

Loss on dilution of stake – The charge for the year ended March 31, 2010 included a significant one-time charge of $2.86 million relating to the deconsolidation of Sricon. This charge relating to deconsolidation consists of a one-time charge of about $2.10 million, which represents a portion of the other comprehensive income of Sricon that accumulated from the time that IGC acquired 63% of Sricon. This also consists of a one-time loss of $0.76 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.

Other income – Other income primarily consists of foreign exchange gain arising from the restatement of the inter-company receivables, denominated in Indian rupees, regarding payables to IGC. Further during the current year, the Company has re-recorded liabilities relating to the promoters of TBL amounting to approximately $0.26 million. This liability was disputed by the Company in the previous year and in the current year, based on an internal assessment, the Company has concluded that the same is no longer payable.

Income tax expense – We had an income tax expense of $4.1 million for the year ended March 31, 2011 as compared to an income tax benefit of $3.11 million for the year ended March 31, 2010. The income tax benefit for the previous year was primarily on account of losses incurred in the previous year, which we believed would be offset against taxable profits in the future years due to the execution of the substantial orders received from China. During the current year, considering the continued ban on import of low grade iron ore by China and the shut down on mining and exports from Karnataka, the Company believes that the timing of the execution of the orders is not estimable. Therefore, from the perspective of prudence the Company has provided a valuation on the entire deferred tax asset balance during the current year resulting in the substantial income tax expense.

We however continue to expect to perform and deliver ore to our customer and earn sufficient taxable income to utilize all the deferred tax assets that we have recorded. We have not relied on any specific tax planning strategies in the recognition of the deferred tax assets.

Net loss – The Company had a loss of $4.81 million for the year ended March 31, 2010 as compared to a loss of $21.01 million for the year ended 31 March 2011. This loss was driven primarily by the decision to impair our investment in Sricon as well as the goodwill in TBL, the creation of the valuation allowance on the deferred tax asset, and the decline in revenues during the current year.

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Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company results for the years ended March 31, 2011 and 2010.

We have financed our operations primarily from sales of shares of common stock. We raised about $ 3.9 Million capital during the year through sale of our common stock. We raised such capital in the current year primarily for the purpose of funding our working capital requirements and day to day operations. Our operations did not generate sufficient cash during the current fiscal year due to a significant loss in revenues from our iron ore and mining business amounting to $7.84 million, primarily because of the ban on export of low grade iron ore to China and closure of ports and mines in Karnataka (India). Income loss on this count is majorly the reason for the net cash used in operating activities as although the though a significant part of the costs associated with revenue also decreased in line with revenue, we had some fixed costs which did not reduce proportionately leading to a decline in our operating profits . A part of the aforementioned capital raised was also used to repay a portion of the outstanding note to Bricoleur (approximately $ 200,000) and short term borrowings (approximately $ 229,000). During the year ended March 31, 2011, net cash used for investing activities is not material.

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. As of March 31, 2011, we have about $1.9 million in restricted cash. $1.6 million of this amount is a cash deposit that we made as a performance guarantee for a large road-building contract. However, this contract has been curtailed and we are seeking the release of this restricted cash. This has not been referred to arbitration but is being negotiated between the client and TBL. We are hopeful in resolving this issue in the financial year ending March 31, 2012. However, there can be no guarantee that we will be successful in winning the release of some or all of the restricted cash. In addition, we have about $2.37 million in receivables from claims. Although these claims were awarded in arbitration and the amounts are contractually due to us, we have not yet received payment from the clients. The amounts have been due for over one year. In the event we were to classify these receivables as long term, or we fail to collect the amounts, or we fail to win the release of all or some of the restricted cash in the financial year ending March 31, 2012, we will have a working capital deficit and may be required to raise additional capital through debt or equity financing. There can be no assurance that we would be able to do so. We believe that our current cash balances, anticipated operating cash flow, and potential release of restricted cash or the collection of the claim receivable are adequate to sustain the Company, but not to fuel rapid growth commensurate with the opportunities before us. We have and continue to take measures to constrain growth until we have visibility into increased liquidity. As of now our bank lines in India have been reduced to amounts borrowed and outstanding. We continue to explore funding sources including negotiated settlement of accounts receivable, settlement of claims, bank lines, equity, convertible debentures, and debt. However, there can be no assurance that we will be able to access additional credit facilities. Our strategy is to develop businesses that have a very short receivable cycle like the export of ore to China and the sale of rock aggregate and to aggressively collect our outstanding receivables, claims and seek a resolution to the release of restricted cash.

Off-balance sheet arrangements

We do not have any investments in special purpose entities or undisclosed borrowings or debt.

Critical Accounting policies

Estimates

While preparing financial statements we make estimates and assumptions that affect the reported amount of assets, liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses for the reporting period. Such critical accounting estimates could change from period to period and have a material impact on IGC's results of operations, financial position and cash flows. Actual results may differ from estimates. Revisions to accounting estimates are recognized in the period in which estimates are revised and future periods affected.

Revenue

We are a materials and construction company offering services including: 1) export of iron ore to China 2) quarrying and delivery of rock aggregate, 3) transport and logistics and 4) civil construction of roads and highways,

Revenue is recognized when persuasive evidence of a transaction exists, the sales price is fixed or determinable, and collectability is reasonably assured. In the case of government contracts, we recognize revenue when a government consultant verifies and certifies an invoice for payment.

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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.

For the sale of goods, the timing of the transfer of substantial risks and rewards of ownership is based on the contract terms negotiated with the buyer, e.g., FOB or CIF. IGC considers the guidance provided under SAB 104 in determining revenue from sales of goods.

Considerations have been given to all four conditions for revenue recognition under that guidance. The four conditions are:

- Contract – Persuasive evidence of our arrangement with the customers;
- Delivery – Based on the terms of the contracts, we assess whether the underlying goods have been delivered and therefore the risks and rewards of ownership are completely transferred;
- Fixed or determinable price – We enter into contracts where the price for the goods being sold is fixed and not contingent upon other factors.
- Collection is deemed probable – At the time of recognition of revenue, we make an assessment of our ability to collect the receivable arising on the sale of the goods and determine that collection is probable.

Revenue for any sale is recognized only if all of the four conditions set forth above are met. These criteria are applied by us at the time of each sale. In any of the criteria set out above is not met, we defer revenue recognition until all of the four conditions are met.

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

- 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.
- Fixed price contracts: Contract revenue is recognized using the percentage of completion method and the 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. Appropriate adjustments are made for change orders, disputes, and other factors affecting the contract. Full provision is made for any loss in the period in which it is foreseen.

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

Income taxes

Deferred income tax is recorded for the difference between the basis of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized in future periods. The measurement of deferred tax assets involves judgment regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilization of unused tax loss carry-forwards in the applicable tax jurisdictions.

Inventories

We provide for inventory obsolescence, excess inventory and inventories with carrying values in excess of market values based on our assessment of the future demands, market conditions and our specific inventory management procedures. If market conditions and actual demands are less favorable than our estimates, additional inventory write-downs may be required. In all cases inventory is carried at the lower of historical cost or market value.

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Accounts receivable

We make estimates of the collectibility of our accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Policy for Goodwill and Impairment

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

We adopted the provisions of Accounting Standards Codification ("ASC") 350, "Intangibles – Goodwill and Others", (previously referred to as SFAS No. 142, "Goodwill and Other Intangible Assets", which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. ASC 350 requires that goodwill and indefinite-lived intangible assets be allocated to the reporting unit level, which we define as each subsidiary. ASC 350 also prohibits the amortization of goodwill and indefinite-lived intangible assets upon adoption, but requires that they be tested for impairment at least annually, or more frequently as warranted, at the reporting unit level.

As per ASC 350-20-35-4 through 35-19, the impairment testing of goodwill is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

In ASC 350.20.20 a reporting unit is defined as an operating segment or one level below the operating segment. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. We have determined that IGC operates in a single operating segment. While the CEO reviews the consolidated financial information for the purposes of decisions relating to resource allocation, the CFO, on a need basis, looks at the financial statements of the individual legal entities in India for the limited purpose of consolidation. Given the existence of discrete financial statements at an individual entity level in India, we believe that each of these entities constitute a separate reporting unit.

Therefore, the first step in the impairment testing for goodwill is the identification of reporting units and the allocation of goodwill to these reporting units. Accordingly, TBL which is one of the legal entities, is also considered to be a separate reporting unit and therefore we believe that the assessment of goodwill impairment at the subsidiary level which is also a reporting unit is appropriate.

Our analysis of fair value is based on the estimate of the recoverable value of the underlying assets. For long lived assets such as land, we obtain appraisals from independent professional appraisers to determine the recoverable value. For other assets such as receivables, the recoverable value is determined based on an assessment of the collectability and any potential losses due to default by the counter parties. Unlike goodwill, long lived assets are assessed for impairment only where there are any specific indicators for impairment.

Our methodology for conducting the impairment test has remained substantially the same as compared to the method that we used in the previous year. The impairment loss for the current year is primarily due to the fact that the revenues of TBL have not been able to match the projections that we had in the previous year and therefore, the projected cash flows that contribute to an assessment of ‘value-in-use’ has been minimal.

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Impairment of investment

The impairment analysis test is done based on a similar recoverable approach as used in the impairment test for goodwill described above. The fair value of land is determined based on an independent appraisal of the land held by Sricon. The recoverability of contract claims and other receivables is based on the information available with us with respect to the contract claims awarded in favor of Sricon through arbitration orders. The estimated amount of liability is based on the information available with us with respect of bank debt and other borrowings.

Impairment of Long Lived assets

The Company reviews its long-lived assets with finite lives for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. The company is also vigilant in monitoring for any indicators of impairment and ensures that this is done on an on-going basis. Under U.S. GAAP, long-lived depreciable and amortizable assets are tested for impairment in asset groups unless an individual asset generates identifiable cash flows that are largely independent of the cash flows from other asset groups. An asset group is the lowest level for which there are identifiable cash flows that largely are independent of the net cash flows of other groups of assets. At IGC, the impairment testing is done at the entity (subsidiary) level since there are no individual assets or asset groups generating identifiable cash flows at any level below the entity level. While computing the fair values for calculation of impairment, for long-lived assets such as land, the Company obtains independent professional appraisals of the market value of the asset. In the case of other long-lived assets, the Company assesses the fair value based on discounted cash flows of the projected cash flows from each of the assets. Successive impairment tests carried out in the past indicate that the fair value at the entity level exceeds the book carrying value.

Recently issued and adopted accounting pronouncements

In January 2010, the FASB issued an amendment to the accounting standards related to the disclosures about an entity's use of fair value measurements. Under these amendments, entities will be required to provide enhanced disclosures about transfers into and out of the Level 1 (fair value determined based on quoted prices in active markets for identical assets and liabilities) and Level 2 (fair value determined based on significant other observable inputs) classifications, provide separate disclosures about purchases, sales, issuances and settlements relating to the tabular reconciliation of beginning and ending balances of the Level 3 (fair value determined based on significant unobservable inputs) classification and provide greater disaggregation for each class of assets and liabilities that use fair value measurements. Except for the detailed Level 3 roll-forward disclosures, the new standard was effective for the Company for interim and annual reporting periods beginning after December 31, 2009. The adoption of this accounting standards amendment did not have a material impact on the Company's disclosure or consolidated financial results. The requirement to provide detailed disclosures about the purchases, sales, issuances and settlements in the roll-forward activity for Level 3 fair value measurements is effective for the Company for interim and annual reporting periods beginning after December 31, 2010. The adoption of this accounting standard did not have a material impact on the Company's disclosure or consolidated financial results.

In December 2010, the FASB issued a new accounting standard which requires that Step 2 of the goodwill impairment test be performed for reporting units whose carrying value is zero or negative. This guidance is effective for fiscal years beginning after December 15, 2010 and interim periods within those years. Our adoption of this standard did not have a material impact on the Company's disclosure or consolidated financial results.

In December 2010, the FASB issued new guidance clarifying some of the disclosure requirements related to business combinations that are material on an individual or aggregate basis. Specifically, the guidance states that, if comparative financial statements are presented, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year occurred as of the beginning of the comparable prior annual reporting period only. Additionally, the new standard expands the supplemental pro forma disclosure required by the authoritative guidance to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination in the reported pro forma revenue and earnings. This guidance became effective January 1, 2011. Our adoption of this standard did not have a material impact on the Company's disclosure or consolidated financial results. However, it may result in additional disclosures in the event that we enter into a business combination that is material either on an individual or aggregate basis.

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Item 7A. Quantitative and Qualitative Disclosure about Market Risks

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

Customer Risk

The Company's customers are the Indian government, state government, private companies, Indian government owned companies and Chinese steel mills and iron ore traders. 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 may have an adverse effect on the 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, iron ore 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 materials and fuels 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 and quality 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. This has recently changed with the shortage of financial liquidity and falling oil prices. However, with the expected increase in infrastructure spending, we expect a shortage of skilled labor.

Compliance, Legal and Operational Risks

We operate under regulatory and legal obligations imposed by the Indian government 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 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 a negative impact on our future earnings.

Interest Rate Risk

The infrastructure development industry is one in which leverage plays a large role. A typical contract requires that we furnish an earnest money deposit, a performance guaranty, and the ability to discount letters of credit. Furthermore, most construction contracts demand that we reserve between seven and eleven 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.

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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.

In the analysis below, we have compared the reported revenue and expense numbers for Fiscal 2011 with the Fiscal 2010 based on the average exchange rate used for Fiscal 2010 to highlight the impact of exchange rate changes on IGC's Indian rupee derived revenues and expenses.

	Year ended March 31,			
	2011 (current exchange rate)	2011 (previous year exchange rate)	Change	Percentage
Revenues	4,073,919	3,804,790	269,129	6.61 %
Total expenses before taxes	(10,912,485)	(10,191,591)	(720,894)	6.61 %
	(6,838,566)	(6,386,801)	(451,765)	

Foreign Currency Translation

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

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

The exchange rates used for translation purposes are as under:

Year	Month end Average Rate (P&L rate)	Year-end rate (Balance sheet rate)
2006-07	INR 45.11 per USD	INR 43.10 per USD
2007-08	INR 40.13 per USD	INR 40.42 per USD
2008-09	INR 46.49 per USD	INR 50.64 per USD
2009-10	INR 47.91 per USD	INR 44.95 per USD
2010-11	INR 44.75 per USD	INR 44.54 per USD

Item 8. Financial Statements and Supplementary Data

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

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

We have audited the accompanying consolidated balance sheets of India Globalization Capital, Inc. and its subsidiaries (the “Company”) as of March 31, 2011 and 2010, and the related consolidated statements of income, comprehensive income , cash flows, and stockholders’ equity for each of the years in the two-year period ended March 31, 2011. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the Consolidated Financial Statements, the March 31, 2010 financial statements have been restated to correct errors explained therein.

In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Company as of March 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in two-year period ended March 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Yoganandh & Ram,
Chennai, India,
Independent Auditors registered with
Public Company Accounting Oversight Board
Date: 13th July, 2011, except for Notes 11 (Goodwill), 20 (Income Taxes), 25 (Impairment), 27 (Certain Aged Receivables), and 28 (Re-classifications in the Consolidated Balance Sheets and Consolidated Statements of Operations), to which the date is October 31, 2011.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of March 31, 2011 (as restated)	2010 (as restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,583,284	$ 842,923
Accounts receivable, net of allowances	3,312,051	4,783,327
Inventories	133,539	162,418
Advance taxes	41,452	119,834
Deferred income taxes	-	25,345
Dues from related parties	-	3,114,572
Prepaid expenses and other current assets	1,474,838	2,054,462
Total current assets	$ 6,545,164	$ 11,102,881
Property, plant and equipment, net	1,231,761	1,748,436
Investments in affiliates	6,428,800	8,443,181
Investments-others	877,863	810,890
Deferred income taxes	-	4,075,461
Goodwill	410,454	6,146,720
Restricted cash	1,919,404	2,169,939
Other non-current assets	748,623	872,184
Total assets	$ 18,162,069	$ 35,369,692
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short term borrowings and current portion of long term debt	$ 901,343	$ 1,389,041
Trade payables	1,311,963	1,839,405
Accrued expenses	349,149	461,259
Notes payable	3,920,000	4,120,000
Dues to related parties	-	149,087
Other current liabilities	94,892	149,942
Total current liabilities	$ 6,577,347	$ 8,108,734
Other non-current liabilities	1,209,479	1,107,498
Total liabilities	$ 7,786,826	$ 9,216,232
Shares potentially subject to rescission rights (4,868,590 shares issued and outstanding)	3,082,384	-
Stockholders' equity:		
Common stock — $0001 par value; 75,000,000 shares authorized; 14,890,181 issued and outstanding at March 31, 2011 and 12,989,207 issued and outstanding at March 31, 2010	$ 1,490	$ 1,300
Additional paid-in capital	38,860,319	36,805,724
Accumulated other comprehensive income	(2,502,596)	(2,578,405)
Retained earnings (Deficit)	(29,692,907)	(9,452,000)
Total equity attributable to the parent	$ 6,666,306	$ 24,776,419

Non-controlling interest	$	626,553	$	1,376,841
Total stockholders’ equity	$	7,292,859	$	26,153,460
Total liabilities and stockholders' equity	$	18,162,069	$	35,369,692

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

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended March 31, 2011 (as restated)	Year ended March 31, 2010 (as restated)
Revenues	$ 4,073,919	$ 17,897,826
Cost of revenues	(3,914,655)	(15,671,840)
Selling, General and Administrative expenses	(7,283,089)	(5,614,673)
Depreciation	(785,066)	(603,153)
Impairment loss – goodwill	(5,792,849)	-
Impairment loss – investments	(2,184,599)	-
Operating income (loss)	(7,908,891)	(3,991,840)
Interest expense	(1,395,433)	(1,221,466)
Amortization of debt discount/Loss on extinguishment of debt	(191,804)	(356,436)
Interest Income	262,826	210,097
Other Income	301,182	281,782
Loss on dilution of stake in Sricon	-	(2,856,088)
Equity in earnings of affiliates	-	16,446
Income before income taxes and minority interest attributable to non-controlling interest	$ (16,909,568)	$ (7,917,505)
Income taxes benefit/ (expense)	(4,100,385)	3,109,704
Net income	$ (21,009,953)	$ (4,807,801)
Non-controlling interests in earnings of subsidiaries	769,046	18,490
Net income / (loss) attributable to common stockholders	$ (20,240,907)	$ (4,789,311)
Earnings per share attributable to common stockholders:		
Basic	$ (1.34)	$ (0.42)
Diluted	$ (1.34)	$ (0.42)
Weighted-average number of shares used in computing earnings per share amounts:		
Basic	15,108,920	11,537,857
Diluted	15,108,920	11,537,857

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

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended March 31, 2011			Year ended March 31, 2010 (As restated)		
Particulars	IGC	Non-controlling Interest	Total	IGC	Non-controlling Interest	Total
Net income / (loss)	$(20,240,907)	(769,046)	(21,009,953)	(4,789,311)	(18,490)	(4,807,801)
Foreign currency translation adjustments	75,809	18,758	94,567	3,499,767	(2,230,182)	1,269,585
Deconsolidation of Sricon	$-	-	-	(1,148,591)	-	