

**SOURCE: India Globalization Capital, Inc.**



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**India Globalization Capital Announces Financial Results for Third Quarter Fiscal Year 2010**

**Year-Over-Year Revenue Grows 55%; Completes Restructuring Which Closely Aligns IGC Resources on Future Growth Opportunities and Extinguishes \$17.9M in Debt**

BETHESDA, MD--(Marketwire - February 10, 2010) - India Globalization Capital, Inc. (NYSE Amex: IGC), a company competing in the rapidly growing materials and infrastructure industry in India, announced financial results for the third quarter of fiscal year 2010 ended December 31, 2009. The company will hold a conference call on Thursday, February 11, 2010 at 8:30 a.m. EST (5:30 a.m. Pacific) to discuss these results. Details on accessing the call follow.

"We have spent the last year repositioning ourselves as a materials and construction company," said Ram Mukunda, CEO of Indian Globalization Capital. "This quarter we are just beginning to see the results of our efforts with a second successive quarter of meaningful growth in our top line. This quarter, we have posted a 55 percent year-over-year growth in revenues and 10 percent sequential growth from last quarter."

Mukunda continued: "In order to solidify the repositioning of our Company, we decided to reduce our ownership in Sricon from 63 percent to 22 percent and concentrate our efforts in our construction business through our TBL subsidiary. This action will allow us to reduce our inter-company debt by approximately \$17.9 million and better focus our business. At some point in the future, we expect to monetize our Sricon investment through a liquidity event.

"As previously disclosed, in March 2008 we originally bought 63 percent of Sricon for \$30 million and subsequently borrowed approximately \$17.9 million from Sricon. As we have also previously discussed, several events over the past 18 months have changed the fundamental economics of the construction business in India and forced us to re-evaluate our original strategy to solely focus on the construction business. As we have disclosed in

prior filings and discussed on our conference calls over the past several quarters, we made the decision to broaden our focus on the growth in the projected buildout of the basic infrastructure in India to include aggregates and minerals which complement our construction business and provide a superior economic model for us to participate in the many opportunities before us. As such, we had already begun the process of repositioning our business to take advantage of the demand in commodities and the infrastructure growth in both India and China. Today, we no longer believe it is in the best interest of our shareholders to owe Sricon \$17.9 million and maintain 63 percent ownership, when we could use our capital more efficiently to grow faster and more profitably through our other subsidiary businesses.

"We have, therefore, eliminated the debt to Sricon by \$17.9 million and proportionately reduced our ownership in Sricon to 22 percent. The accounting treatment of this process of de-consolidation in the quarter ended December 31, 2009 led to a one-time non-cash charge to our earnings of around \$6.0 million. Post restructuring, our balance sheet remains strong with total assets of approximately \$36 million against total liabilities of approximately \$12.5 million including \$5.1 million in interest bearing debt. Our book value at the end of the quarter including the minority interest in Sricon is approximately \$23.5 or about \$1.82 per basic share. This restructuring has had no impact with respect to covenants on our current lending arrangements and we believe will dramatically enhance our ability to fund our anticipated growth going forward.

"Our plans for the next 12 months are to focus on: (1) executing on our construction business primarily through our TBL subsidiary in order to increase our contracts for infrastructure build-out in India and, at the same time, to aggressively pursue the collection of claims which are associated with previously completed construction work done for TBL clients and today total approximately \$22 million; (2) increasing our production from our rock quarries, the first of which came on-line this current quarter, to a total of five rock quarries which are now in various stages of development and; (3) continue leveraging our shipping hub and logistics for the increasing sale of iron ore mined in India and shipped through our facilities to meet the growing demand in China."

Three Months Ended December 31, 2009

The reduction of the Company's ownership in Sricon led to a de-consolidation of Sricon. Broadly, the Company's balance sheet shrank by the approximate amount of the loan from \$51.8 million at March 31, 2009 to \$35.9 million on December 31, 2009. In the December quarter the Company also took a one-time charge of around \$6 million mostly related to the accounting impact of decreasing its ownership in Sricon. Beginning the December 2009 quarter IGC will no longer consolidate its ownership in Sricon on a line-by-line basis, instead the Company will reflect its ownership in Sricon as part of "investments in affiliates" on the balance sheet.

Total revenue was \$5.9 million for the three months ended December 31, 2009, compared to \$3.8 million for the three months ended December 31, 2008. The revenue reported in 2008 included revenue from Sricon and the revenue reported in the quarter ended

December 31, 2009 did not include Sricon. Despite this, revenue grew by 55% year over year. The Company also posted a 10% growth over the revenue reported in the quarter ended September 2009, which also included Sricon.

"For two consecutive quarters we have grown our top line," Mukunda said. "The growth is coming from our realignment from a pure construction company into a more integrated infrastructure company focused on materials and construction. We are happy with the progress and expect top-line growth to continue with operating earnings turning positive this quarter and growing rapidly throughout our next fiscal year which begins this April." Adjusting for the one-time charges related to the de-consolidation Selling, General and Administrative (SG&A) expenses were approximately \$600,000 for the three-month period ended December 31, 2009, or around 10% of revenue, compared to \$2.1 million for the three-month period ended December 31, 2008. The GAAP SG&A, including one-time charges was about \$3.0 million, which includes \$2.44 million of one-time charges mostly related to the reduction of our ownership in Sricon. Since the global financial crisis the Company has taken strong steps to reduce its SG&A and align skill, management and resources to its business plan.

In the three-month period ended December 31, 2009, operating loss was (\$2.6) million compared to operating loss of (\$1.4) million for the three-month period ended December 31, 2008. The operating loss incurred in the December 2009 quarter included one-time and non-cash charges of \$2.44 million stemming from the de-consolidation.

For the three months ended December 31, 2009 the Company reported a consolidated GAAP net loss of (\$6.2) million, inclusive of a one-time non-cash charge of \$6.0 million mostly related to de-consolidation, compared to a consolidated net loss of (\$2.3) million for the three months ended December 31, 2008. The Company reported a GAAP net loss of (\$0.48) per basic share versus a GAAP net loss of (\$0.20) per basic share for the period ended December 2008. Adjusting for the one-time and non-cash charges, the net loss for the December 2009 quarter would be around \$200,000, mostly stemming from increased legal and other fees incurred for the de-consolidation.

#### Nine Months Ended December 31, 2009

Total revenue was \$13.99 million for the nine months ended December 31, 2009, as compared to \$32.26 million for the nine months ended December 31, 2008. SG&A expenses were \$4.4 million for the nine-months ended December 31, 2009 compared to \$4.2 million for the nine-month period ended December 31, 2008. The nine-months ended December 31, 2009 included a charge for \$2.44 million for the de-consolidation of Sricon.

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

Net interest expense decreased by \$47,000 compared to the nine-months ended December 31, 2008.

Consolidated net loss for the nine months ended December 31, 2009 was (\$7.2) million, compared to consolidated net income of \$562,000 for the nine months ended December 31, 2008. The Company reported a GAAP loss of (\$0.56) per basic share for the December 31, 2009 quarter compared to a GAAP loss of (\$0.04) per basic share for the nine months ended December 31, 2008.

As of December 31, 2009, the Company's stockholders' equity was \$23.5 million compared to \$37.9 million for the period ended March 31, 2009. The Company reported total assets of \$35.9 million on December 31, 2009 versus \$51.8 million on March 31, 2009. The decreases in total assets are mostly based on the de-consolidation of Sricon. The Company reported cash, cash equivalents, and restricted cash used as deposits of around \$3.9 million and working capital of around \$4.9 million. The Company reported short- and long-term borrowings of about \$5.1 million.

#### Conference Call and Webcast

IGC will hold a conference call Thursday, February 11, 2010 at 8:30 a.m. EST (5:30 a.m. Pacific) to discuss financial results for the third quarter of fiscal year 2010 ended December 31, 2009.

To participate in the call, please dial 1-877-941-8601 (from within the U.S.), or 480-629-9810, approximately 10 minutes prior to the scheduled start time. Interested parties can also listen via a live webcast accessible from the company's website: <http://www.indiaglobalcap.com>.

A recording of the call will be available for one week from 11:30 a.m. February 11, 2010, EST until 11:59 p.m. EST on February 18, 2010. To access the recording, dial 1-800-406-7325 (from within the U.S.), or 303-590-3030; the passcode for the recording is 4221509. The recording will also be available via the company's website at <http://www.indiaglobalcap.com> for one year.

#### About IGC

Based in Bethesda, Maryland, India Globalization Capital (IGC) is an infrastructure and materials company operating in India that builds roads, bridges and highways, and provides materials to the infrastructure industry in India and China. The company has three core competencies: Highway and Heavy Construction, Mining & Quarrying, and Civil Construction and Engineering. For more information about IGC, please visit the company's web site at [www.indiaglobalcap.com](http://www.indiaglobalcap.com).

#### Forward-Looking Statements

Statements contained herein that relate to the Company's future performance, including statements with respect to forecasted revenues, margins, cash generation and capital expenditures are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. These statements reflect management's current views and are subject to risks and

uncertainties that could cause actual results to differ materially from those projected, expressed or implied in these statements. Factors that could cause actual results to differ, relate to: (i) ability of the parties to successfully execute on contracts and business plans, (ii) ability to raise capital and the structure of such capital including the exercise of warrants, and (iii) exchange rate changes between the U.S. dollar and the Indian Rupee. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. Other factors and risks that could cause or contribute to actual results differing materially from such forward looking statements have been discussed in greater detail in the company's definitive proxy statement and supplement filed with the SEC and incorporated by reference into the Form S-3 and set forth in the Company's Annual Report on Form 10-K for the year ended March 31, 2009 filed with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

{FINANCIAL TABLES FOLLOW}

India Globalization Capital, Inc.  
CONSOLIDATED BALANCE SHEET

	December 31, 2009 (unaudited)	March 31, 2009 (audited)
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ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,079,706	\$ 2,129,365
Accounts Receivable	5,648,811	9,307,088
Unbilled Receivables	0	2,759,632
Inventories	2,124,836	2,121,837
Prepaid taxes	88,683	88,683
Restricted cash	215,517	
Prepaid expenses and other current assets	2,113,766	2,801,148
Due from related parties	3,675,599	290,831
	=====	=====
Total Current Assets	15,946,918	19,498,584
	=====	=====
Property and equipment, net	1,141,709	6,601,394
Accounts Receivable - Long Term	0	2,769,196
Goodwill	6,931,307	17,483,501
Investments in Affiliates	8,172,475	0
Other Investments	64,655	70,743
Deposits towards acquisitions	334,236	261,479
Restricted cash, non-current	1,627,656	1,430,137
Deferred tax assets, net of valuation allowance	972,493	898,792
Other Assets	773,984	2,818,687
	=====	=====
Total Assets	\$ 35,965,433	\$ 51,832,513
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 924,495	\$ 3,422,239
Trade payables	4,020,618	462,354
Advance from Customers	0	206,058

Accrued expenses	469,806	555,741
Taxes payable	76,569	76,569
Notes Payable	4,120,000	1,517,328
Due to related parties	1,339,010	1,214,685
Other current liabilities	114,134	1,991,371
	=====	=====
Total current liabilities	\$ 11,064,632	\$ 9,446,345
	=====	=====
Long-term debt, net of current portion	69,174	1,497,458
Deferred taxes on income	0	590,159
Other liabilities	1,332,359	2,440,676
Total Liabilities	\$ 12,466,165	\$ 13,974,638
	=====	=====
COMMITMENTS AND CONTINGENCY		
STOCKHOLDERS' EQUITY		
Common stock -- \$.0001 par value;		
75,000,000 shares authorized; 12,898,291		
issued and outstanding at December 31,		
2009 and 10,091,171 issued and		
outstanding at March 31, 2009		
	1,291	1,009
Additional paid-in capital	36,534,929	33,186,530
Retained Earnings (Deficit)	(11,954,396)	(4,662,689)
Accumulated other comprehensive (loss)		
income (AOCI)	(2,721,057)	(4,929,581)
	=====	=====
Total stockholders' equity	21,860,767	23,595,269
	=====	=====
Non-controlling Interest	1,638,501	14,262,606
	=====	=====
Total liabilities and stockholders' equity	\$ 35,965,433	\$ 51,832,513
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India Globalization Capital, Inc.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
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Revenue:	\$ 5,909,024	\$ 3,836,428	\$ 13,994,503	\$ 32,263,680
Cost of revenue:	(5,326,393)	(2,902,431)	(11,829,440)	(23,948,382)
Gross Profit	582,631	933,996	2,165,063	8,315,299
Selling, General and Administrative	(3,049,603)	(2,135,267)	(4,446,137)	(4,224,524)
Depreciation	(101,991)	(212,527)	(519,812)	(679,835)
Total operating expenses	(3,151,594)	(2,347,794)	(4,965,949)	(4,904,359)
Operating income (loss)	(2,568,963)	(1,413,798)	(2,800,886)	3,410,939
Compensation Expense	(123,139)		(123,139)	
Other income (expense):				
Interest and				

other income	40,884	137,663	146,477	324,062
Interest expense	(252,619)	(442,265)	(1,019,687)	(1,244,350)
Amortization of debt discount	(178,218)		(178,218)	
Total other income (expense)	(389,953)	(304,602)	(1,051,428)	(920,288)
Equity in (gain) loss of affiliates	16,446		16,446	
Income before extraordinary items and income taxes	(3,065,609)	(1,718,400)	(3,959,007)	2,490,651
(Provision) benefit for income taxes	103,281	(565,885)	(54,486)	(1,928,490)
Income before extraordinary items	(2,962,328)	(2,284,285)	(4,013,493)	562,161
Extraordinary items:				
Loss on dilution of stake in Sricon	(3,205,616)		(3,205,616)	
Consolidated Net Income	(6,167,944)	(2,284,285)	(7,219,109)	562,161
Net Income attributable to non-controlling interest	(7,574)	550,207	(72,599)	(936,996)
Net income (loss) attributed to controlling interest	\$ (6,175,518)	\$ (1,734,078)	(7,291,708)	\$ (374,835)
Weighted average number of shares outstanding:				
Basic	12,898,291	8,780,107	12,898,291	8,780,107
Diluted	13,559,184	8,780,107	13,559,184	8,780,107
Net income per share:				
Basic	\$ (0.48)	\$ (0.20)	(0.56)	\$ (0.04)
Diluted	\$ (0.45)	\$ (0.20)	(0.54)	\$ (0.04)

This information is intended to be reviewed in conjunction with the Company's filings with the Securities and Exchange Commission.

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