



May 23, 2011 08:30 ET

## India Globalization Capital Provides Update on Its Iron Ore Business

BETHESDA, MD--(Marketwire - May 23, 2011) - **India Globalization Capital, Inc.** (NYSE Amex: **IGC**), a company competing in the rapidly growing materials and infrastructure industry in India, provides an update on its iron ore business.

In July 2010 the Government of Karnataka stopped issuing permits for the transportation of iron ore from mines in Karnataka. This action was taken to curb illegal mining and put in place processes to better monitor the movement of iron ore. It effectively shut down ore mining in the state. Subsequently, the mine owners' lobby went to court to have the mines reopened. Upon hearing the case the court ordered that processes to monitor mining and transportation of ore be put in place by April 20, 2011, effectively reopening mining and transportation. However, the State of Karnataka was unable to put in place all the processes by the stipulated date and as a consequence has not reopened mining in the state. Currently, the Government is in the process of inspecting mines in Karnataka and in conversations with officials they expect to complete the inspection in June. If in fact, they complete inspecting the mines, movement of ore for domestic consumption could begin in July with exports opening shortly thereafter.

The overall demand for ore has not abated over the past one year and is expected to increase. According to the Australia & New Zealand Banking Group, the Indian iron ore market stands to gain from higher exports to China as re-building from Japan's earthquake signals a potential \$30 billion increase in demand for steel.

India increased the export taxes from 5% to 20% on all grades of ore. "We do not expect any impact on Indian iron-ore exports as a result of the Indian tax changes until spot prices drop by at least around \$30," said Melinda Moore, director and global commodities coordinator at Credit Suisse Equities. It remains profitable to sell the material overseas given current spot prices, she said. The price of 62 percent-content iron ore delivered to Tianjin port in China has risen about 5 percent this year to \$178.5 per metric ton, according to data from Steel Business Briefing.

In light of the developments in India, IGC has 1) begun identifying domestic customers that can be serviced, 2) begun negotiations with transporters and mine owners to create the-end-to-end delivery process to service domestic customers, 3) continuing to communicate with our Chinese customers to appraise them of the rapidly evolving situation in India and 4) identified sites for an iron ore crusher. In addition we have applied and diligently followed up on mining licenses in India. We believe that substantial long-term value for our shareholders can come from owning mining assets or mining

licenses. As such, we have begun identifying potential acquisition candidates in India as well as in Malaysia, Africa and North America.

Ram Mukunda, CEO of IGC, said: "While the past year has clearly been frustrating, we remain hopeful that the situation in Karnataka will be resolved soon. In the meantime, we expect demand to continue rising in India, China and now Japan. We have undertaken a program to expand our sourcing of materials beyond India."

About IGC:

Based in Bethesda, Maryland, India Globalization Capital (IGC) is a materials and construction company operating in India. Through our subsidiaries in India, we supply iron ore to China and rock aggregate to the infrastructure industry in India. For more information about IGC, please visit the company's web site at [www.indiaglobalcap.com](http://www.indiaglobalcap.com).

Forward-looking Statements:

Some of the statements contained in this press release that are not historical facts constitute forward-looking statements under the federal securities laws. Forward-looking statements can be identified by the use of the words "may," "will," "should," "could," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "potential," "proposed," or "continue" or the negative of those terms. 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 Company to successfully execute on contracts and business plans, (ii) ability to raise capital and the structure of such capital including the exercise of warrants, (iii) exchange rate changes between the U.S. dollar and the Indian rupee, (iv) weather conditions in India and (v) the ability of the Company to access ports on the west coast of India. Readers are cautioned not to place undue reliance on these forward-looking statements. 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 amended Annual Report on Form 10-K for the year ended March 31, 2010 filed with the Securities and Exchange Commission and the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2010 filed with the Securities and Exchange Commission.

Investor Relations Contact:

Mr. John Selvaraj

301-983-0998