

SOURCE: India Globalization Capital, Inc.



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India Globalization Capital Announces Financial Results for End of Fiscal Year 2010

BETHESDA, MD--(Marketwire - July 14, 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 fiscal year ended March 31, 2010.

Ram Mukunda, CEO of India Globalization Capital, said, "This year we have seen a rapid realignment in our business affected by the global credit crisis. In 2008/2009 we had a very large backlog of construction orders; however with the credit crisis we had to extricate ourselves from many of the orders. By capitalizing on our expertise in mining and quarrying operations, we expanded our business to include the supply side logistics for the export of iron ore to China and developing and operating rock aggregate quarries."

Mukunda continued: "Today we have over \$200 Million of orders for the supply of iron ore and rock aggregate. We are working on establishing the logistics and processes to increase margins in both the iron ore and rock aggregate operations. Currently, we operate two aggregate quarries with several more planned. Our aim is to establish 10 quarries, creating the first one stop shop for the supply of aggregate in India. Further, we are establishing a crushing unit that will allow us to crush iron ore into ore fines. This process is expected to increase our net margin in the ore business between 10 percent and 15 percent. With orders in hand we are focused on execution."

In the Fiscal Year Ended March 31, 2010, the Company reported a GAAP loss of \$4.8 million and a GAAP EPS of (\$.42). However, in the year we reduced our debt by approximately \$17.9 million while simultaneously decreasing our ownership in Sricon from 63 percent to 22.3 percent. The deconsolidation of ownership, as well as the early extinguishment of debt, resulted in a one-time mostly non-cash charge to our earnings of approximately \$5.3 million. This greatly contributed to the overall GAAP loss of \$4.8 million.

The restructuring had no impact with respect to covenants on our current lending arrangements. Post restructuring, our balance sheet remains strong with total assets of approximately \$35.3 million against total liabilities of approximately \$9.2 million including \$5.5 million in interest bearing debt. Our book value at the end of the fiscal year is approximately \$24.78 million or about \$2.15 per basic share.

Our plans for the next 12 months are to focus on: (1) increasing production from the rock quarries, barring heavy monsoon weather, (2) establishing a crushing site for the iron ore to leverage our shipping hub to begin fulfilling the back log, and (3) aggressively pursuing the collection of delay construction claims associated with previously completed construction, totaling approximately \$22 million.

Fiscal Year Ended March 31, 2010

The reduction of the Company's ownership in Sricon led to a de-consolidation of Sricon as a subsidiary. Due to significant time pressures related to the annual filing of financial statements, our auditors were not able to completely obtain the appropriate audit evidence relating to this transaction. This led to a qualification in the audit report specific to the

deconsolidation. However, we have taken a conservative approach in reporting the deconsolidation. Broadly, the Company's balance sheet shrank from about \$51.8 million at March 31, 2009 to about \$35.3 million on March 31, 2010 and we included a charge of around \$4.71 million specific to the deconsolidation. For FYE March 31, 2011, 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 \$17.89 million for the Fiscal Year ended March 31, 2010, compared to \$35.34 million for the Fiscal Year ended March 31, 2009. Our overall revenue for FYE 2010 was lower than FYE 2009 for two reasons: overall construction revenue was lower in FYE 2010 compared to FYE 2009, and FYE 2010 does not contain all quarters of Sricon revenue. Moving forward, barring the seasonality of the infrastructure business, our expectation is that we will grow fairly rapidly based on servicing a backlog of over \$200 million.

Selling General and Administrative (SG&A) expenses for FYE 2010 including one-time charges was about \$5.61 million. This figure includes the write-off of certain acquisition related consulting expenses amounting to \$1.85 million that was deferred in the previous year relating to the de-consolidation of Sricon and a one-time charge on account of early extinguishment of debt to \$0.59 million. Since the global financial crisis, the Company has taken strong steps to reduce its SG&A, and to align management and resources to its business plan.

In the Fiscal Year ended March 31, 2010, operating loss was \$3.99 million compared to operating income of \$2.31 million for the Fiscal Year ended March 31, 2009. The operating loss incurred in the March 31st, 2010 Fiscal Year includes one-time and non-cash charges of \$2.44 million as detailed in the SG&A.

For the Fiscal Year ended March 31, 2010 the Company reported a consolidated GAAP net loss of (\$4.8) million, inclusive of a one-time non-cash charge of \$5.3 million mostly related to de-consolidation, compared to a consolidated net income of \$0.2 million for FYE 2009. The Company reported an EPS of (\$0.42) per basic share, inclusive of all one time charges, versus a GAAP net loss of (\$0.05) per basic share for the period ended March 31, 2009.

As of March 31, 2010, the Company's stockholders' equity was \$ 24.8 million compared to \$23.6 million for the period ended March 31, 2009. The Company reported total assets of \$35.4 million on March 31, 2010 versus \$51.8 million on March 31, 2009. The decrease in total assets is mostly due to the de-consolidation of Sricon. The Company reported cash, cash equivalents, and restricted cash used as deposits of around \$3.01 million and working capital of around \$3.0 million. The Company reported short- and long-term borrowings of about \$5.5 million

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.

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 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, (iii) exchange rate changes between the U.S. dollar and the Indian Rupee and (iv) weather conditions in 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 Annual Report on Form 10-K for the year ended March 31, 2010 filed with the Securities and Exchange Commission.

INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of March 31,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 842,923	\$ 2,129,365
Accounts receivable, net of allowances	4,783,327	9,307,088
Costs and earnings in excess of billings on contracts in progress	-	2,759,632
Inventories	162,418	2,121,837
Advance taxes	119,834	88,683
Deferred income taxes	25,345	-
Dues from related parties	3,114,572	290,831
Prepaid expenses and other current assets	2,054,462	2,801,148
	\$ 11,102,881	\$ 19,498,584
Property, plant and equipment, net	1,748,436	6,601,394
Investments in affiliates	8,443,181	-
Investments-others	810,890	-
Accounts receivable	-	2,769,196
Deferred income taxes	4,075,461	898,792
Deposits towards acquisitions	-	332,222
Goodwill	6,146,720	17,483,501
Restricted cash	2,169,939	1,430,137
Other non-current assets	872,184	2,818,687
	\$ 35,369,692	\$ 51,832,513
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short term borrowings and current portion of long term debt	\$ 1,389,041	\$ 3,422,239
Trade payables	1,839,405	462,354
Advance from customers	-	206,058
Accrued expenses	461,259	555,741
Taxes payable	-	76,569
Notes payable	4,120,000	1,517,328
Dues to related parties	149,087	1,214,685
Other current liabilities	149,942	1,991,371
	\$ 8,108,734	\$ 9,446,345
Long-term debt, excluding current portion	-	1,497,458
Deferred income taxes	-	590,159

Other non-current liabilities	1,107,498	2,440,676
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Total liabilities	\$ 9,216,232	\$ 13,974,638
Stockholders' equity:		
Common stock -- \$0001 par value; 75,000,000 shares authorized; 12,989,207 issued and outstanding at March 31, 2010 and 10,091,171 issued and outstanding at March 31, 2009	\$ 1,300	\$ 1,009
Additional paid-in capital	36,805,724	33,186,530
Accumulated other comprehensive income	(2,578,405)	(4,929,581)
Retained earnings (Deficit)	(9,452,000)	(4,662,689)
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Total stockholders' equity	\$ 24,776,619	\$ 23,595,269
Non-controlling interest	\$ 1,376,841	\$ 14,262,606
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Total liabilities and stockholders' equity	\$ 35,369,692	\$ 51,832,513
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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended March 31,	
	2010	2009
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Revenues	\$ 17,897,826	\$ 35,338,725
Cost of revenues	(15,671,840)	(27,179,494)
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Gross profit	2,225,986	8,159,231
Selling, General and Administrative expenses	(5,614,673)	(4,977,815)
Depreciation	(603,153)	(873,022)
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Operating income (loss)	(3,991,840)	2,308,394
Legal and formation, travel and other startup costs	-	-
Interest expense	(1,221,466)	(1,753,951)
Amortization of debt discount	(356,436)	-
Interest Income	210,097	1,176,017
Other Income	281,782	-
Loss on dilution of stake in Sricon	(2,856,088)	-
Equity in earnings of affiliates	16,446	-
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Income before income taxes and minority interest attributable to non-controlling interest	(7,917,505)	1,730,460
Income taxes benefit/ (expense)	3,109,704	(1,535,087)
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Net income	(4,807,801)	195,373
Non-controlling interests in earnings of subsidiaries	18,490	(716,949)
Net income / (loss) attributable to common stockholders	\$ (4,789,311)	\$ (521,576)
Earnings per share attributable to common stockholders:		
Basic	\$ (0.42)	\$ (0.05)
Diluted	\$ (0.40)	\$ (0.05)

Weighted-average number of shares used in
computing earnings per share amounts:

Basic	11,537,857	10,091,171
Diluted	11,958,348	10,091,171

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

	Year ended March 31,	
	2010	2009
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Net income / (loss)	\$ (4,789,311)	\$ (521,576)
Foreign currency translation adjustments	3,499,767	(4,925,759)
Deconsolidation of Sricon	(1,148,591)	
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Comprehensive income (loss)	\$ (2,438,135)	\$ (5,447,335)

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

INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended March 31,	
	2010	2009
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Cash flows from operating activities:		
Net income (loss)	\$ (4,807,801)	\$ 195,373
Adjustment to reconcile net income (loss) to net cash:		
Non-cash compensation expense	130,399	450,850
Deferred taxes	(3,283,423)	221,037
Depreciation	385,803	873,022
Non-controlling interest related to de-consolidated subsidiary	(34,744)	-
Loss / (gain) on sale of property, plant and equipment	(3,715)	211,509
Amortization of debt discount	356,437	2,652
Non-cash interest expense	842,494	-
Loss on extinguishment of debt	586,785	-
Loss on dilution of stake in Sricon	2,856,088	-
Deferred acquisition cost written off	1,854,750	-
Equity in earnings of affiliates	(16,446)	-
Changes in:		
Accounts receivable	(4,522,214)	(2,725,195)
Unbilled revenue	-	1,484,960
Inventories	1,757,399	(1,001,389)
Prepaid expenses and other current assets	(556,303)	1,099,188
Trade payables	1,508,359	(1,033,319)
Other current liabilities	89,396	(832,556)
Advance from customers	-	(1,311,200)
Other non-current liabilities	(350,540)	(3,155,767)
Non-current assets	251,815	(1,926,571)

Accrued Expenses	-	(922,300)
Interest Receivable - Convertible Debenture	-	277,479
Prepaid/Taxes Payable	-	(21,415)
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Net cash used in operating activities	\$ (2,955,461)	\$ (8,113,641)
Cash flow from investing activities:		
Purchase of property and equipment	(1,198,880)	(2,493,417)
Proceeds from sale of property and equipment	463,825	488,886
Purchase of short term investments	-	698
Investment in non-current investments (joint ventures etc.)	(698,174)	1,395,444
Restricted cash	(567,012)	272,754
Redemption of convertible debenture	-	3,000,000
Deposits towards acquisitions, net of cash acquired	-	220,890
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Net cash provided/(used) in investing activities	\$ (2,000,241)	\$ 2,885,255
Cash flows from financing activities:		
Net movement in other short-term borrowings	347,185	(1,215,253)
Proceeds / (repayment) from long-term borrowings	-	696,013
Due to related parties, net	-	583,235
Issuance of equity shares	1,833,780	297,699
Proceeds from notes payable to Bricoleur	2,000,000	-
Net movement in notes payable to Oliveira Capital, LLC	-	(517,324)
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Net cash provided/(used) by financing activities	\$ 4,180,965	\$ (155,630)
Effects of exchange rate changes on cash and cash equivalents	(234,965)	(884,059)
Net increase/(decrease) in cash and cash equivalents	(1,009,702)	(6,268,075)
Cash and cash equivalent at the beginning of the period	1,852,626	8,397,440
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Cash and cash equivalent at the end of the period	\$ 842,924	\$ 2,129,365
Supplementary information:		
Cash paid for interest	378,972	1,753,952
Cash paid for taxes	12,936	-

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

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