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India Globalization Capital Announces Financial Results for First Quarter Fiscal Year 2012

Rock Aggregate Business Generating Positive Cash Flow; Takes Steps to Render Operations in India Profitable and Self-Sustaining; Plans to Operationalize Export of Iron Ore From East Coast of India to Mitigate Closure of Karnataka Mines

BETHESDA, MD--(Marketwire - Aug 19, 2011) - 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 first quarter of fiscal year 2012 ended June 30, 2011.

Three Months Ended June 30, 2011

Total revenue was approximately \$1.06 million for the three months ended June 30, 2011, compared to approximately \$1.12 million for the three months ended June 30, 2010. The revenue is mostly from one aggregate crusher site and local trading of iron ore. The revenue from our larger aggregate crusher site is not consolidated in our statement of operations, as it is a joint venture of which we own 49%.

The selling general and administrative expenses (SG&A) were approximately \$733 thousand for the recent quarter versus approximately \$580 thousand for the quarter ended June 30, 2010. The increase in SG&A is attributable largely to one non-cash charge. We expensed a \$235,267 charge related to employee options. Adjusting for the non-cash charge, the non GAAP SG&A decreased by approximately \$83 thousand.

In the three-month period ended June 30, 2011, the expense related to interest and other financial expense was approximately \$300,768 versus \$393,008 for the same period one year ago. Interest continues to be the largest drain on EPS. The Company expects to be able to reduce the interest expense considerably using some of the cash from claims to pay down debt.

The Company reported \$67,348 in interest income. Most of this interest is paid to the Company by the rock aggregate joint venture. The equity gain in joint venture was \$36,219.

For the three months ended June 30, 2011, the Company reported a consolidated GAAP net loss of \$869,203, inclusive of non-cash expenses of approximately \$535 thousand related to employee options and non-cash interest expense.

The Company reported a GAAP net loss of \$0.04 per basic share versus a GAAP net loss of \$0.05 per basic share for the period ended June 30, 2010. Adjusting for the one-time and non-cash charges, the non GAAP net loss for the June 30, 2011 quarter would be close to \$334 thousand, mostly stemming from compliance, legal, U.S. GAAP accounting, and U.S. overhead costs.

As of June 30, 2011, the Company's stockholders' equity was approximately \$7,249,282 compared to \$7,292,859 for the period ended March 31, 2011. The Company reported total assets of approximately \$17.5 million on June 30, 2011 versus approximately \$18.16 million on March 31, 2011. The Company reported cash, cash equivalents, and restricted cash used as deposits of approximately \$3 million and working capital of approximately \$167 thousand. The Company reported notes payable of \$3,485,254 as of June 30, 2011 versus \$3,920,000 as of March 31, 2011, reflecting the Company's payment on its notes payable by approximately \$434 thousand in the quarter.

Commenting on the results, CEO Ram Mukunda said, "While we believe that the results from total operations are disappointing because of the issues we are dealing with in our iron ore business in Karnataka, we are pleased that the aggregate business in India generated positive cash flow for the quarter. We believe that output will continue to increase and margins expand after the current monsoon season, as we are already seeing increased demand and higher prices."

Mukunda added, "Our focus for the balance of this year is to return our India operations to profitability and increase our balance sheet liquidity to once again grow our operations consistently with the opportunity before us. Our strategy to accomplish this goal is three-fold: 1) increase the output and margins of the aggregate business to generate more cash, as soon as the monsoon weather abates; 2) complete the logistics to ship ore from the east coast of India to

customers in China through H&F Ironman, our strategic partner in China; 3) maintain the pressure on resolving and collecting the claims we have already won in arbitration, which will greatly improve our balance sheet flexibility for future growth in our next fiscal year and beyond. In addition, an integral part of our business plan is to seek out strategic alliances and joint ventures, and other similar transactions, which might include mergers or acquisitions.

"The aggregate sites contain over \$40 million of reserves and we believe will be increasingly profitable for the next 7 years based on both increased production and increasing margins. In July 2011, we reported that one of our sites had been awarded a refund of our investment by the Indian government. This means that essentially our entire investment in developing the site, including all infrastructures and equipment, will be refunded by the Indian government through a refund of royalty and taxes collected during the sale of rock aggregate up to the total value of our investment. This is an incentive program introduced by the Indian government to encourage investment in infrastructure development. We expect the other site we operate to also qualify for the refund before the end of our fiscal year."

Regarding the iron ore business, Mukunda added, "We continue to have a large back log of orders and customers for our ore awaiting the time we are able to ship again. As we have previously announced, we are taking aggressive steps to reposition our iron ore operations out of Karnataka and to the east coast of India. This has been a substantial undertaking that we believe will result in renewed and perhaps substantial revenues for us in the last half of our fiscal year."

"Further, as previously reported, we entered into a strategic partnership with H&F Ironman in China to ship ore from the east coast of India in containers to Tianjin and other ports in China. We are currently working on the logistics with the management of Ironman. We expect to realize approximately \$10-\$12 mil in annual revenue from this partnership."

Mukunda stated, "We believe that the combination of the steps we are taking in our ore operations combined with the cash generated from the aggregate business will render our total operations in India profitable by year end."

Regarding the arbitration monetary awards, Mukunda added, "We have won two awards in arbitration totaling around \$3 million. The awards are being appealed but we believe we are in the final stages of defending the awards. We expect that all avenues of appeal will be exhausted this financial year and expect to collect close to 100% of the awards."

INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

All amounts in USD except share data

	As of	
	June 30, 2011	March 31, 2011
	(unaudited)	(audited)
ASSETS		
Current assets:		
Cash and cash equivalents	1,177,452	1,583,284
Accounts receivable, net of allowances	2,927,621	3,312,051
Inventories	182,567	133,539
Advance taxes	41,452	41,452
Prepaid expenses and other current assets	2,201,886	1,474,838
Total current assets	6,530,978	6,545,164
Goodwill	403,498	410,454
Property, plant and equipment, net	1,182,380	1,231,761
Investments in affiliates	6,271,815	6,428,800
Investments-others	913,098	877,863
Restricted cash	1,893,839	1,919,404
Other non-current assets	291,873	748,623
Total assets	17,487,481	18,162,069
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	900,333	901,343
Trade payables	1,583,610	1,311,963
Accrued expenses	273,212	349,149
Notes payable	3,485,254	3,920,000
Other current liabilities	120,703	94,892
Total current liabilities	6,363,112	6,577,347
Other non-current liabilities	792,703	1,209,479
Total liabilities	7,155,815	7,786,826
Shares potentially subject to rescission rights (4,868,590 shares issued and outstanding)	3,082,384	3,082,384
Stockholders' equity:		
Common stock — \$.0001 par value; 75,000,000 shares authorized; 16,091,843 issued and outstanding as of June 30, 2011 and 14,890,181 issued and outstanding as of March 31, 2011	1,610	1,490
Additional paid-in capital	39,677,590	38,860,319
Accumulated other comprehensive income	(2,491,903)	(2,502,596)
Retained earnings (Deficit)	(30,562,110)	(29,692,907)
Non-controlling interest	624,095	626,553
Total stockholders' equity	7,249,282	7,292,859
Total liabilities and stockholders' equity	17,487,481	18,162,069

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

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

	<i>All amounts in USD except share data</i>	
	Three months ended June 30,	
	2011	2010
Revenues	1,060,247	1,128,411
Cost of revenues (excluding depreciation)	(974,309)	(983,380)
Selling, general and administrative expenses	(733,141)	(580,896)
Depreciation	(51,244)	(96,444)
Operating income (loss)	(698,447)	(532,309)
Interest expense	(300,768)	(213,098)
Amortization of debt discount	-	(179,910)
Interest income	67,348	62,887
Equity in (gain)/loss of joint venture	36,219	-
Other income, net	24,694	(150,467)
Income before income taxes and minority interest attributable to non-controlling interest	(870,954)	(1,012,897)
Income taxes benefit/ (expense)	-	421,683
Net income/(loss)	(870,954)	(591,214)
Non-controlling interests in earnings of subsidiaries	1,751	40
Net income / (loss) attributable to common stockholders	(869,203)	(591,174)
Earnings/(loss) per share attributable to common stockholders:		
Basic	(0.04)	(0.05)
Diluted	(0.04)	(0.05)
Weighted-average number of shares used in computing earnings per share amounts:		
Basic	20,359,602	13,256,427
Diluted	20,359,602	13,256,427

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

About IGC

Based in Bethesda, Maryland, India Globalization Capital Inc. (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.

About H&F Ironman

Based in China, Ironman mines a 20 square kilometer iron ore mine in Inner Mongolia. It also operates magnetic separators used to beneficiate iron ore through a dry and wet extraction process that results in producing high-grade iron ore. The English language web site is under construction.

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 coasts 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 Annual Report on Form 10-K for the year ended March 31, 2011 filed with the Securities and Exchange Commission.

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