

India Globalization Capital, Inc.  
Form S-1/A  
October 27, 2010

---

As filed with the Securities and Exchange Commission on October 27, 2010

Registration No. 333-163867

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

---

Amendment No. 6 to  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

---

INDIA GLOBALIZATION CAPITAL, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Maryland	1600	20-2760393
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

---

4336 Montgomery Ave.  
Bethesda, Maryland 20814  
(301) 983-0998  
(Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Registrant's Principal Executive Offices)

---

Ram Mukunda  
Chief Executive Officer and President  
India Globalization Capital, Inc.  
4336 Montgomery Ave.  
Bethesda, Maryland, 20814  
(301) 983-0998  
(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)

Copies to:  
Stanley S. Jutkowitz, Esq.  
Seyfarth Shaw LLP  
975 F Street, N.W.  
Washington, D.C. 20004  
Telephone: (202) 463-2400  
Facsimile: (202) 828-5393

---

Table of Contents

Approximate date of commencement of proposed sale to public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
-----------------------------------------------------	--------------------------------------------	----------------------------------------------------------------------------------------------------------	-------------------------------------------------------

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

---

Table of Contents

## CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered (1)	Amount to be registered	Proposed maximum offering price (2)	Proposed maximum aggregate offering price	Amount of registration Fee
Common Stock, \$0.0001 par value	7,500,000	\$ 0.98	\$ 7,350,000	\$ 524.06
Warrants (3)	2,500,000			(3)
Shares of Common Stock, \$0.0001 par value per share, underlying Warrants	2,500,000	0.98	2,450,000	174.69
<b>Total</b>	<b>10,000,000</b>	<b>\$ 0.98</b>	<b>\$ 9,800,000</b>	<b>\$ 698.74 (4)</b>

(1) Any securities registered hereunder may be sold separately or together with other

(2) securities registered hereunder.

Estimated solely for purposes of calculating the registration fee in accordance

(3) with Rule 457(c) under the Securities Act of 1933, as amended based on the average of the high and low prices of the common stock reported on the NYSE Amex on October 25, 2010 .

(4) Pursuant to Rule 457(g) under the Securities Act, no separate registration fee is required for the warrants because the Registrant is registering these securities in the same Registration Statement as the underlying common stock to be offered pursuant thereto. Pursuant to Rule 416, the securities being registered hereunder include such indeterminate number of additional shares of common stock as may be issuable upon exercise of warrants registered hereunder as a result of stock splits, stock dividends, or similar transactions.

Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, as amended. A registration fee of \$223.20 was paid concurrently with the filing of the initial S-1 on December 18, 2009, and an additional registration fee of \$988.90 was paid concurrently with the filing of Amendment No. 2 to the S-1 on April 27, 2010.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 27, 2010

PROSPECTUS

India Globalization Capital, Inc.

7,500,000 Share(s) of Common Stock  
Warrant(s) to purchase up to 2,500,000 shares of Common Stock  
2,500,000 shares of Common Stock underlying the Warrants

We are offering up to 7,500,000 shares of our common stock, par value \$0.0001 per share, and 2,500,000 warrant(s) to purchase up to 2,500,000 shares of our common stock. The common stock is being offered and sold at a price of \$ \_\_\_\_ per share. Purchasers of our common stock will automatically receive a warrant to purchase 1 share of common stock for each 3 shares of common stock that they purchase in this offering. The warrants are exercisable at any time after [the closing date] and on or before the seventh anniversary of their initial exercise date at an exercise price of \$ \_\_\_\_ per share. and \$ \_\_\_\_ per warrant. This prospectus also relates to the purchase of up to 2,500,000 shares of our common stock that are issuable upon the exercise of the warrants offered hereunder.

This is a best efforts offering by us, with Source Capital Group, Inc. and Boenning & Scattergood, Inc. acting as our exclusive co-placement agents. We have entered into a letter agreement with the placement agents, relating to the common stock and warrants offered by this prospectus. The placement agents are not purchasing any securities pursuant to this prospectus, nor are they required to sell any specific number or dollar amount of the securities offered hereby, but will use their best efforts to arrange for the sale of the securities being offered. See the section entitled “Plan of Distribution” beginning on page 14 of this prospectus for more information regarding these arrangements. The placement agents will receive compensation for sales of the securities offered hereby at a fixed commission rate of 7% of the gross proceeds of the offering, provided that the commission rate shall be reduced to 2% for sales to certain investors identified by us.

The placement agents may be deemed to be underwriters within the meaning of Section 2(a)(11) of the Securities Act and any commission received by them and any profit realized on the resale of the securities sold by them while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act.

All funds we receive from purchasers will be placed in a non-interest-bearing escrow account with Continental Stock Transfer & Trust Company, Inc. which we refer to as the escrow agent. At the closing of the offering, retail purchasers will make payments to the placement agents who will deposit the funds in that account and institutional purchasers will make payments directly to that account. We will then issue and deliver the securities. We expect the closing to occur on or about \_\_\_\_\_, 2010. Our units, shares of common stock and warrants are currently traded on the NYSE Amex Equities (“NYSE Amex”) under the symbols “IGC.U,” “IGC” and “IGC.WS,” respectively. As of October 26, 2010, the closing sale price of our common stock was \$0.90, the closing sale price of our units was \$0.9997, the last recorded sale of the units having occurred on October 21, 2010 and the closing sale price of our warrants was \$0.0143, the last recorded sale of the units having occurred on October 25, 2010. The warrants being offered by this prospectus

are a different class of warrant than our warrants that are currently traded on the NYSE Amex. We have applied to have the warrants offered hereunder listed on the NYSE Amex. Assuming that the warrants are listed on the NYSE Amex, the warrants will be listed under the symbol IGC\_\_ on or promptly after the date of this prospectus. We cannot assure you that the warrants will be listed or will continue to be listed on the NYSE Amex.

---

Table of Contents

Investing in the offered securities involves substantial risks. In reviewing this prospectus, you should carefully consider the matters described under the heading “Risk Factors,” and in other documents incorporated by reference, including our Annual Report on Form 10-K for our fiscal year ended March 31, 2010 and our Quarterly Report on Form 10-Q for the three month period ended June 30, 2010.

	Per Share	Total
Price to Public	\$	\$
Placement agents’ fees (1)	\$	\$
Proceeds, before expenses, to India Globalization Capital, Inc. (1)	\$	\$

- (1) For the purpose of estimating the placement agents’ fees, we have assumed that they will receive their maximum commission on all sales made in the offering.
- (2) We estimate total expenses of this offering, excluding the placement agents’ fees, will be approximately \$156,000.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_, 2010.

Source Capital Group, Inc.

Boenning & Scattergood, Inc.

Table of Contents

Table of Contents

<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	8
<u>Forward-Looking Statements</u>	18
<u>Use of Proceeds</u>	19
<u>Dividend Policy</u>	19
<u>Market Price of Our Common Stock</u>	19
<u>Plan of Distribution</u>	20
<u>Management's Discussion and Analysis of Financial Condition and Results of Operation</u>	22
<u>Business</u>	37
<u>Management</u>	45
<u>Executive Compensation</u>	52
<u>Certain Relationships and Related Transactions</u>	58
<u>Beneficial Ownership of Certain Owners and Management</u>	59
<u>Description of Capital Stock</u>	62
<u>Description of Warrants</u>	65
<u>Shares Eligible for Future Sale</u>	66
<u>Legal Matters</u>	68
<u>Experts</u>	68
<u>Where You Can Find More Information</u>	68
<u>Index to India Globalization Capital, Inc. Financial Statements</u>	69

All references to "IGC," "we," "our," "us," and similar terms in this prospectus refer to India Globalization Capital, Inc.

Some of the industry data contained in this prospectus are derived from data from various third-party sources. While we are not aware of any misstatements regarding any industry data presented herein, such data is subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus.



Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the “SEC” or the “Commission”) utilizing a registration process. It is important for you to read and consider all of the information contained in this prospectus and any applicable prospectus before making a decision whether to invest in the common stock. You should also read and consider the information contained in the documents that we have incorporated by reference as described in “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference” in this prospectus.

You should rely only on the information contained in this prospectus and any applicable prospectus supplement, including the information incorporated by reference. We have not authorized anyone to provide you with different information. We are not offering to sell or soliciting offers to buy, and will not sell, any securities in any jurisdiction where it is unlawful. You should assume that the information contained in this prospectus or any prospectus supplement, as well as information contained in a document that we have previously filed or in the future will file with the SEC and incorporate by reference into this prospectus or any prospectus supplement, is accurate only as of the date of this prospectus, the applicable prospectus supplement or the document containing that information, as the case may be.

---

Table of Contents

PROSPECTUS SUMMARY

The following is a summary of some of the information contained in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks relating to our business and common stock discussed under the heading “Risk Factors” and our financial statements.

India Globalization Capital, Inc.

Our 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.

Table of Contents

On February 19, 2009 IGC-M beneficially purchased 100% of IGC Mining and Trading, 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. 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, construction infrastructure.

Through 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 firm, with construction activity in our TBL subsidiary and materials activity in our other subsidiaries. Rather than continue to owe Sricon \$17.9 million, and more importantly, continue to fund two construction companies, we decreased our ownership in Sricon by an amount proportionate to the loan. Effective October 1, 2009, we decreased our ownership in Sricon Infrastructure from 63% to 22.3%. The impact of this is that we no longer owe Sricon \$17.9 million and our corresponding ownership is a non-controlling interest. The deconsolidation of Sricon from the balance sheet of IGC resulted in a smaller IGC balance sheet and a one-time charge to our P&L. Post deconsolidation, earnings and losses from Sricon are accounted for using the equity method of accounting.

IGC's organizational structure is as follows:

Most of the shares of TBL and Sricon acquired by IGC were purchased directly from the companies. IGC purchased a portion of the shares from the existing owners of the companies.

## Table of Contents

The acquisitions were accounted for under the purchase 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. The financial statements provided here and going forward are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and their subsidiaries. However, as a result of decreasing our ownership of Sricon shares in October 2009, Sricon's results are only reflected in our consolidated financial statements through September 30, 2009.

Unless the context requires otherwise, all references in this report to the "Company", "IGC", "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.

### Background of India based Subsidiaries

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.

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. IGC-MPL, IGC-LPL and IGC-IMT are all wholly-owned subsidiaries of IGC-M.

Our approach is to offer services to customers involving construction, as well as, the sale and transportation of materials.

### Core Business Competencies

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 areas include the following:

#### 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.

#### Mining and quarrying.

As Indian infrastructure modernizes, the demand for raw materials like stone aggregate, coal, 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 would increase to 770 million metric tons in 2013 and 1.08 billion metric tons in 2018. We are in the process of teaming with landowners to build out rock quarries. In addition we have licenses for the development of rock aggregate quarries.



## Table of Contents

Our mining and trading activity centers on the export of iron ore to China. India is the fourth largest producer of iron ore. The Freedonia Group projected in May 2010 that China's \$1.15 trillion construction industry will grow 9.1% every year until 2014. This growth will increase China's already large demand for steel. China is expected to produce 600 million metric tons of steel in 2010, which, as the Wall Street Journal reported, is expected to be almost half of total global output. We believe that IGC is well positioned to provide Chinese steel mills with the iron ore needed to meet demand.

Construction and maintenance of high temperature plants.

We have an expertise in the civil engineering, construction and maintenance of high temperature plants. We have the specialized skills required to build and maintain high temperature chimneys and kilns.

Customers.

Our customers include the National Highway Authority of India, several state high way authorities, the Indian railways and several steel mills in China. In April 2010 we received a \$160,000,000 contract for supplying iron ore over five years to Jiya International, a large Chinese steel mill. This was followed by a \$35,000,000 contract to supply ore to Tangshan Danyang Enterprises, another large customer in China. We currently have a backlog of approximately \$200,000,000 for the supply of iron ore to 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.

5) As part of our financing plan, aggressively pursue the collection of outstanding claims for amounts due for past projects.

4

---

## Table of Contents

### Competition.

We operate in an industry that is competitive. However, there is a large gap in the supply of well qualified and financed contractors and the demand for contractors. 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. 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. 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. Rock aggregate is 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 business, we compete by aggregating ore from smaller suppliers who do not have 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.

### 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 June 30, 2010, we employed a work force of approximately 200 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. We are planning to provide vastly improved labor camps for our labor force. We hope that our efforts will make our companies the “employers of choice”. As of June 30, 2010 our Executive Chairman and Chief Executive Officer is Ram Mukunda and our Non-Executive Chairman is Ranga Krishna. Our Managing Director for Materials, Mining and Trading is P. M. Shivaraman. The General Manager of our rock aggregate and logistics business in India is Brigadier Kuljit Singh. Our Treasurer and Principal Accounting Officer is John Selvaraj. Our General Manager of Accounting based in India is Santhosh Kumar. We also utilize the services of several consultants who provide USGAAP systems and other expertise.

### 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.

Table of Contents

Current Chinese currency revaluation.

The People's Bank of China announced on June 19, 2010 that it would increase the "flexibility" or the renminbi and re-institute a "managed floating exchange rate." The Wall Street Journal noted that the last time China used such a system the yuan appreciated 21% against the dollar in three years. 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 USGAAP. Indian accounting standards are evolving toward IFRS (International Financial Reporting Standards). We annually conduct audits for the Company by independent public accounting firm registered with the U.S. PCAOB. We acknowledge that this process is at times cumbersome and places significant demands upon our existing staff. We believe we are still six to twelve months 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. We will make our annual reports, quarterly reports, proxy statements, and up-to-date investor presentations available on our Web site, [www.indiaglobalcap.com](http://www.indiaglobalcap.com) as soon as they are available. Our SEC filings are also available, free of charge, at [www.sec.gov](http://www.sec.gov).

Please see "Risk Factors" for more information concerning the risks of investing in our company.

Where You Can Find More Information

We have three securities listed on the NYSE Amex: (1) common stock, \$0.0001 par value (ticker symbol: IGC), (2) redeemable warrants to purchase common stock (ticker symbol: IGC.WS) and (3) units consisting of one share of common stock and two redeemable warrants to purchase common stock (ticker symbol: IGC.U).

We will make available on our website, [www.indiaglobalcap.com](http://www.indiaglobalcap.com), our annual reports, quarterly reports, proxy statements as well as up to- date investor presentations. The registration statement and its exhibits, as well as our other reports filed with the SEC, can be inspected and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information about the operation of the public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a web site at <http://www.sec.gov> which contains the Form S-1 and other reports, proxy and information statements and information regarding issuers that file electronically with the SEC.

We have filed a registration statement on Form S-1 with the SEC under the Securities Act with respect to the securities offered by this prospectus. This prospectus, which is a part of such registration statement, does not include all of the information contained in the registration statement and its exhibits. For further information regarding us and our common stock, you should consult the registration statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are summaries of those documents, and we refer you to the documents filed with the SEC for more information. The registration statement and any of its amendments, including exhibits filed as a part of the registration statement or an amendment to the registration statement, are available for inspection and copying as described above.



Table of Contents

The Offering

Issuer	India Globalization Capital, Inc., a Maryland corporation
Securities Offered	Up to 7,500,000 shares of our common stock, \$0.0001 par value per share; Warrants to purchase up to 2,500,000 shares of common stock; and up to 2,500,000 shares of common stock issuable upon exercise of the warrants. Purchasers of our common stock will automatically receive a warrant to purchase 1 share of common stock for each 3 shares of common stock that they purchase in this offering.
Offering Price	\$            per share of common stock.
Description of Warrants	The warrants will be exercisable on or after the applicable closing date of this offering through and including close of business on [the seventh anniversary of the closing date] at an exercise price of \$            per share.
Shares Outstanding	13,761,207 shares
Number of shares of common stock to be outstanding after this offering	Up to 21,261,207 shares, which does not include 2,500,000 shares of common stock issuable upon exercise of the warrants offered hereby.
No Minimum	There is no minimum for this offering. All funds we receive from purchasers will be placed in a non-interest-bearing escrow account with Continental Stock Transfer & Trust Company, Inc. which we refer to as the escrow agent. At the closing of the offering, retail purchasers will make payments to the placement agents who will deposit the funds in that account and institutional purchasers will make payments directly to that account. We will then issue and deliver the securities.
Use of Proceeds	We intend to use the net proceeds from this offering for general corporate purposes, which may include the development and commercialization of our product candidates, repayment of indebtedness, and the acquisitions of businesses, products, technologies or licenses that are complementary to our business. See “Use of Proceeds”.
NYSE Amex Symbol for Common Stock	IGC
<u>Risk Factors</u>	You should carefully consider the matters discussed under the heading “ <u>Risk Factors</u> ” and in the documents incorporated by

reference herein for a discussion of factors you should carefully consider before deciding to invest in our common stock.

Table of Contents

RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this prospectus in evaluating us and our common stock and other securities. If any of the following risks and uncertainties develop into actual events, they could have a material adverse effect on our business, financial condition or results of operations. In that case, the trading price of our common stock and other securities also could be adversely affected. We make various statements in this section, which constitute “forward-looking statements.” See “Forward-Looking Statements.”

RISKS ASSOCIATED WITH OUR INDUSTRY AND DOING BUSINESS IN INDIA

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.

Our construction business is dependent on the central government of India, as well as, the Indian state governments for contracts. Their 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. Government support for infrastructure spending remains strong. The Wall Street Journal of May 31, 2010 reported that India plans to create an \$11 billion fund to finance new infrastructure projects. Additionally a recent Indian government Economic Survey projected rapid growth for the next several years.

The Indian government could curtail the export of iron ore hampering our business. 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. If the Government were to impose a ban on the export of lesser quality ore, we would be forced to service our customers from sources other than India. The Chinese government recently imposed a ban on the import of iron ore with a Ferrous content of 60%, or less, by traders in China. This ban does not extend to Chinese steel mills with licenses to import iron ore. We were in the business of exporting ore with Ferrous content between 55% and 58%. However, the sudden ban on the import of lower quality ore by China has forced us to look for customers that are steel mills, which we have done, and shift the business to exporting higher quality ore, which we are now doing. We have shifted our business to exporting ore with Ferrous content between 61% and 63.5%. However, further restrictions on the import of iron ore by the Chinese government could adversely affect our business and results of operations.

Table of Contents

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.

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 persist, nor 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 2010 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. Fortunately, as the Council on Foreign Relations noted, India and Pakistan have scheduled meetings in July with the hope of resuming formal peace talks.

In addition, the April 8, 2010 Economist reported 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.





Table of Contents

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 we do in India (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 into 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 is expected to appreciate another 3% against the dollar by the end of the year.

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 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.

Table of Contents

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. At times we file delay claims with the contracting agencies in India. These claims are arbitrated. Once the arbitration process is completed the arbitration panel decides a monetary award. If the award is in our favor, we record this as revenue. However, the contracting agencies may sometimes choose to file an appeal in the Indian courts in order to delay payment of the award. This appeals process could take between one and three years. We may not receive the cash until the appeals process is exhausted. However, once the arbitration is awarded, it is rarely, if ever, overturned.

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 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 46,000,000 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 the purchase option granted to Ferris, Baker Watts, Inc. and shares and options authorized for issuance under our 2008 Omnibus Incentive Plan. It is also after all of the 1,000,000 shares of preferred stock available for issuance.

We issued an aggregate of 1,060,000 shares of our common stock in connection with a private placement of debt securities and an exchange of previously issued debt securities for new debt securities and the common stock in October 2009 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.

Table of Contents

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

During Fiscal 2009 and 2010, we sold \$4,000,000 in a private placement of debt securities and may engage in similar private placements in the future. The incurrence of this debt 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; and
- 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.

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, especially in light of the recent downturn in the economy and dislocations in the credit and capital markets. 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. 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.

Table of Contents

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.

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. The heavy rains, during the monsoon weather, severely hamper the transportation and mining of ore and aggregate. This results in uneven revenue and operating results through the quarters. In general, the months between June and September are the monsoon season and these tend to be slower quarters in terms of the materials and construction business.
- 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.



Table of Contents

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 2010 fiscal year, we performed our annual test for goodwill and investment impairment and determined that our goodwill and our investment in Sricon were not impaired. In the future, if our projected discounted cash flows associated with our businesses do not exceed the carrying value of their net assets, we may be required to record write downs of the carrying value of goodwill or 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.

As of June 30, 2010 our goodwill balance was \$5.95 million. We perform an annual goodwill impairment test during the fourth quarter of each fiscal year, or more frequently if an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of the goodwill below its carrying amount. The 2008-2009 recession has impacted our financial results and has reduced near-term purchases from certain of our key customers. We may determine that our expectations of future financial results and cash flows from one or more of our businesses has decreased or a decrease in stock valuation may occur, which could result in a review of our goodwill associated with these businesses. Since a large portion of the value of our intangibles has been ascribed to projected revenues from certain key customers, a change in our expectation of future cash from one or more of these customers could indicate potential impairment to the carrying value of our goodwill.

Our subsidiaries may become involved in litigation in the future.

Our construction and aggregate contracts have Indian jurisdiction. Our iron ore contracts frequently have foreign jurisdiction. 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 may not obtain the necessary regulatory approvals for the surrender of our Sricon shares.

Effective October 1, 2009, as permitted by our original purchase agreement with Sricon, we decreased our ownership in Sricon from 63% to 22.3% by surrendering a portion of the Sricon shares we previously purchased to pay an outstanding loan to Sricon of about \$17.9 million. The proportionate reduction reflected the percentage of the original purchase price for the Sricon shares represented by the loan. This reduced our ownership of Sricon to a non-controlling interest and accordingly our financial statements after the date of deconsolidation (October 1, 2009) do not include a consolidation of Sricon's results. Under the laws of India and Mauritius there are certain technical requirements that must be fulfilled to complete the transfer of the Sricon shares that may take some time to complete. Our agreement with Sricon provides that the effective date of the transfer will remain October 1, 2009 regardless of when these requirements are completed. While we believe it is unlikely that we will be unable to complete the transfer of the shares, if we are unable to do so we would need to reverse the tender of the shares resulting in an increase in our assets of around \$17.9 million reflecting the returned shares and a corresponding liability in the loan that we would once again owe to Sricon. We would also resume consolidating Sricon's results in our financial statements and restate our results for prior reporting periods including any portion of the period from October 1, 2009 through the reversal of the tender.



Table of Contents

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 through September, is lower than revenue recorded during the second half of our fiscal year. During periods of curtailed activity, due to adverse weather conditions, we continue to incur operating expenses and build material reserves when possible, temporarily reducing profitability.

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 problem other than the time required to adequately complete the training and to implement the improved processes.



Table of Contents

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, the PCAOB conducted an inspection of Yoganandh & Ram. One result of the inspection is an expected increase in our auditing expense.

If we fail to repay outstanding notes, we may be required to issue additional shares of common stock to the noteholders and our ability to obtain additional credit may be adversely affected.

We have two outstanding promissory notes in the principal amount of \$2.1 million and \$2.0 million, respectively held by investors. These notes bear no interest and became due and payable on October 4, 2010 and October 16, 2010 respectively or earlier upon a change in control of the Company or an event of default as set forth in the notes. We did not pay these notes when due. If we are unable to repay these notes within 30 days of their respective initial due dates, we will be required to issue 200,000 shares of our common stock to each of the holders of the notes for no additional consideration. In addition, the inability to repay these notes in a timely fashion may adversely affect our credit rating and impede our access to additional credit.

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

Holders of our public warrants 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 warrant agreement, 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, with such a registration statement currently effective, we cannot assure you that we will be able to do so. 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. 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.

Table of Contents

Because the warrants sold in the private placements were originally issued pursuant to an exemption from registration requirements under the federal securities laws, the holders of the warrants sold in the private placement will 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 will not have any restrictions with respect to the exercise of their warrants. As described above, the holders of the public warrants will not be able to exercise them unless we have a current registration statement covering the shares issuable upon their exercise.

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.

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 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 we failed to comply with the NYSE continued listing standards and 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.

Because the warrants being sold in this offering may not be listed on an exchange, they may be determined to be a “penny stock,” a broker-dealer may find it more difficult to trade these warrants and an investor may find it more difficult to acquire or dispose of these warrants in the secondary market.

We have applied to have the warrants offered hereunder listed on the NYSE Amex. If we are unable to list the warrants on the NYSE or another exchange, the warrants you purchase 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 or exercise 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 the warrants being offered hereunder were determined to be a penny stock, a broker-dealer may find it more difficult to trade the warrants and an investor may find it more difficult to acquire or dispose of the warrants on the secondary market. Investors in penny stocks should be prepared for the possibility that they may lose their whole investment.



Table of Contents

FORWARD-LOOKING STATEMENTS

We believe that some of the information in this prospectus constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as “may,” “should,” “believes,” “expects,” “intends,” “anticipates,” “thinks,” “plans,” “estimates,” “predicts,” “potential” or similar words or the negative of these words or other variations on these words or comparable terminology. You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or financial conditions or state or other forward looking information.

While we believe it is important to communicate our expectations to our stockholders, there may be events in the future that we are not able to accurately predict or over which we have no control. The risk factors and cautionary language discussed in this prospectus provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in our forward-looking statements, including among other things:

- Competition in the road building sector.
- Legislation by the government of India.
- General economic conditions and the Indian growth rates.
- Our ability to win licenses, contracts and execute.

You should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus could have a material adverse effect on our business, financial condition and results of operations.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus.

All forward-looking statements included herein attributable to us or any person acting on either party’s behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

Before you decide to invest in our securities, you should be aware that the occurrence of the events described in the “Risk Factors” section and elsewhere in this prospectus could have a material adverse effect on us.

Table of Contents

## USE OF PROCEEDS

We intend to use the net proceeds from the sale of securities offered in this prospectus for general corporate purposes, which may include the development and commercialization of our product candidates, repayment of indebtedness, and the acquisitions of businesses, products, technologies or licenses that are complementary to our business. We are contractually required to use 40% of the net proceeds of this offering in excess of \$500 thousand to repay two outstanding promissory notes in the principal amount of \$2.1 million and \$2.0 million, respectively (the "Investor Notes"). The Investor Notes bear no interest and became due and payable on October 4, 2010 and October 16, 2010 respectively. Both notes are currently still outstanding. The proceeds of the Investor Notes were used for general working capital purposes, primarily for our iron ore export business in the case of the \$2.0 million note. We intend to repay the outstanding Investor Notes in full and to use the balance of the proceeds for working capital for our iron ore and rock aggregate businesses, operating expenses and other general corporate purposes. We currently estimate that if we receive net proceeds of less than \$10.0 million we will allocate the funds remaining after repayment of the contractually required amount of the Investor Notes roughly evenly between the iron ore and rock aggregate businesses and if we receive net proceeds of \$10.0 million or more we will allocate slightly more of the remaining proceeds to the rock aggregate business than to the amount allocated to the iron ore business. We may also use the balance of the proceeds to further repay outstanding indebtedness, although we do not currently expect to do so. We reserve the right to change the use of proceeds (other than the contractually obligated debt repayment) as a result of certain contingencies, such as the amount of funds raised in the offering and the extent to which we determine that we require additional funding for any of our businesses. Accordingly, our management will have broad discretion in the application of the net proceeds of this offering.

## DIVIDEND POLICY

We have 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, and consequently, the board does not anticipate declaring any dividends in the foreseeable future. The payment of any dividends will be with 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.

## MARKET PRICE OF OUR COMMON STOCK, WARRANTS AND UNITS

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:

Quarter Ended	Common Stock		Warrants		Units	
	High	Low	High	Low	High	Low
December 31, 2008	\$ 4.78	\$ 0.70	\$ 0.53	\$ 0.01	\$ 5.75	\$ 0.01
March 31, 2009	\$ 1.10	\$ 0.33	\$ 0.13	\$ 0.02	\$ 1.07	\$ 0.40
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	\$ 1.02	\$ 0.88	\$ 0.1199	\$ 0.025	\$ 2.45	\$ 1.06
September 30, 2010	\$ 1.22	\$ 0.58	\$ 0.05	\$ 0.0101	\$ 1.32	\$ 0.85

A recent reported closing price for our common stock, warrants and units is set forth on the cover page of this prospectus. Continental Stock Transfer & Trust Company is the transfer agent and registrar for our common stock. As of June 30, 2010, we had 3,271 holders of record of our common stock, 173 holders of record of our units and 2,054

holders of record of our warrants.

Table of Contents

PLAN OF DISTRIBUTION

We are offering shares of common stock, \$0.0001 par value, and warrants to purchase shares of common stock. The common stock is being offered and sold at a price of \$\_\_\_\_\_ per share. Purchasers of our common stock will automatically receive a warrant to purchase 1 share of common stock for each 3 shares of common stock that they purchase in this offering. The terms of the warrants are described below under the caption "Description of Warrants." Pursuant to a Placement Agency Agreement, we have engaged Source Capital Group, Inc. and Boenning & Scattergood, Inc. to act as our exclusive co-placement agents on a best efforts basis. The placement agents are not purchasing any securities pursuant to this prospectus, nor are they required to sell any specific number or dollar amount of the securities offered hereby but they have agreed to use their best efforts to arrange for the sale of all of the securities in this offering. There can be no assurance that we will sell the entire amount of shares of common stock and warrants offered pursuant to this prospectus.

Confirmations and definitive prospectuses will be delivered, or otherwise made available, to all purchasers who agree to purchase shares of common stock and warrants, informing purchasers of the closing date as to such shares of common stock and warrants. All funds we receive from purchasers will be placed in a non-interest-bearing escrow account with Continental Stock Transfer & Trust Company, Inc. which we refer to as the escrow agent. We currently anticipate the closing of the sale of the common stock and warrants on or about \_\_\_\_\_, 2010. Purchasers will also be informed of the date and manner in which they must transmit the purchase price for their common stock and warrants.

On such closing date, the following will occur:

- we will receive from escrow funds in the amount of the aggregate purchase price of the securities being sold by us on such closing date;
- we will deliver the shares of common stock being sold on such closing date in book-entry form and the warrants being sold on such closing date in certificate form; and
- we will pay the placement agents, a placement agent fee in accordance with the terms of our Placement Agency Agreement.

We have agreed to pay the placement agents a cash fee equal to 7% of the gross proceeds of the offering, provided that the cash fee shall be reduced to 2% for sales to certain investors identified by us.

The estimated offering expenses payable by us, in addition to the placement agents' fees, are approximately \$156 thousand, which include legal, accounting and printing costs and various other fees associated with registering the common stock and warrants and listing the common stock. We have made payments totaling \$10 thousand to the placement agents as an advance against such cash fee. In case of termination of the placement agents' engagement, all or a portion of such advance will be returned to us to the extent costs or expenses were not actually incurred by the placement agent. The placement agents shall otherwise pay their own legal and marketing expenses connected with the offering.

Table of Contents

The following table sets forth the cash fee to be paid to the placement agents for this offering on a per share of common stock and warrant basis and assuming all of the common stock and warrants offered pursuant to this prospectus are sold at closing and that the maximum fee is paid for the sale of each share of common stock and warrant.

	Per Share of Common Stock and Warrant	Maximum Total
Placement Agents' Fees	\$	\$

We are offering pursuant to this prospectus up to 7,500,000 shares of our common stock and warrants to purchase up to 2,500,000 shares of our common stock, but there can be no assurance that the offering will be fully subscribed. Accordingly, we may sell substantially less than 7,500,000 shares of our common stock and warrants to purchase up to 2,500,000 shares of our common stock, in which case our net proceeds would be substantially reduced and the total placement agent fees may be substantially less than the maximum total set forth above. We are also offering pursuant to this prospectus up to 2,500,000 shares of our common stock which may be purchased upon exercise of the warrants being sold in this offering.

We have agreed to indemnify the placement agents against certain liabilities, including liabilities under the Securities Act of 1933, as amended or the Securities Act. We may also be required to contribute to payments the placement agents may be required to make in respect of such liabilities.

The placement agents may be deemed to be underwriters within the meaning of Section 2(a)(11) of the Securities Act and any commission received by them and any profit realized on the resale of the securities sold by them while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. As underwriters, the placement agents would be required to comply with the requirements of the Securities Act and the Securities Exchange Act of 1934, as amended, or the Exchange Act, including, without limitation, Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of shares of common stock and warrants to purchase shares of common stock by the placement agents. Under these rules and regulations, the placement agents may not engage in any stabilization activity in connection with our securities; and may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until they have completed their participation in the distribution.

The placement agents may, from time to time in the future, engage in transactions with and perform services for us in the ordinary course of its business, but we have no present arrangements or understandings to do so.

The transfer agent for our common stock is Continental Stock Transfer & Trust Company. They will also act as transfer agent and warrant agent for the warrants being offered hereby.

Our common stock is traded on the NYSE Amex under the symbol "IGC." The warrants being offered hereby are a different class of warrant than our warrants currently traded on the NYSE Amex under the symbol "IGC.WS." We have applied to have the warrants offered hereunder listed on the NYSE Amex. Assuming that the warrants offered hereunder are listed on the NYSE Amex, the warrants will be listed under the symbol IGC\_\_ on or promptly after the date of this prospectus. We cannot assure you that the warrants offered hereunder will be listed or will continue to be listed on the NYSE Amex.

Pursuant to the terms of the warrants offered hereunder, the up to 2,500,000 shares of common stock issuable upon exercise of the warrants will be distributed to those warrant holders who surrender the certificates representing the



warrants and provide payment of the exercise price through their brokers to our warrant agent, Continental Stock Transfer & Trust Company.

Table of Contents

MANAGEMENT'S  
DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto included in this prospectus. Except for the historical information contained herein, the discussion in this prospectus contains certain forward-looking statements that involve risk and uncertainties, such as statements of the Company's plans, objectives, expectations and intentions as of the date of this filing. The cautionary statements made in this document should be read as being applicable to all related forward-looking statements wherever they appear in this document. The Company's actual results could differ materially from those discussed here. Factors that could cause differences include those discussed in the "Risk Factors" section as well as discussed elsewhere herein.

Overview

In response to India's rapidly expanding economy, our primary focus is to execute infrastructure projects through our subsidiaries such as constructing interstate highways, rural roads, mining and quarrying, and construction of high temperature cement and steel plants.

IGC, a Maryland corporation was organized on April 29, 2005 as a blank check company 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. The operations of IGC are based in India. IGC owns 100% of a subsidiary in Mauritius called IGC-Mauritius (IGC-M). This company in turn operates through five subsidiaries in India. We own twenty two (22.3%) percent of Sricon Infrastructure Private Limited ("Sricon") and seventy seven (77%) percent of Techni Bharathi, Limited ("TBL"). We also beneficially own one hundred percent of IGC India Mining and Trading, Private Limited, IGC Logistic, Private Limited, and IGC Materials, Private Limited. Operating as a fully integrated infrastructure company, IGC, through its subsidiaries, has expertise in road building, mining and quarrying and engineering of high temperature plants. The Company's medium term plans are to expand each of these core competencies while offering an integrated suite of service offerings to our customers.

The financial statements provided after the date of deconsolidation (October 1, 2009) are the consolidated statements of IGC, which include IGC-M and our other subsidiaries. Accordingly, the financial statements provided prior to the date of deconsolidation (October 1, 2009) are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and our other subsidiaries. However, historical description of our business for periods and dates prior to March 7, 2008 (Acquisition Date) include information on Sricon and TBL. The consolidated financial statements of our business for periods prior to March 7, 2008 (acquisition date) do not include information on Sricon and TBL.

On February 19, 2009 IGC-M beneficially purchased 100% of IGC Mining and Trading, Limited based in Chennai India. 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. Indian IGC Materials, Private Limited (IGC-MPL) and IGC Logistics, Private Limited (IGC-LPL), is also involved in the building of rock quarries, the export of iron ore and the transport of materials.

As stated above, IGC divested part of its interest in Sricon effective October 1, 2009. Its ownership share of Sricon effective October 1, 2009 is 22.3% and is considered a non-controlling interest.

The financial statements provided here and going forward are the consolidated statements of IGC, which includes all the aforementioned subsidiaries.



## Table of Contents

### Company Overview

We are a materials and construction company offering a suite of services including: 1) civil construction of roads and highways, 2) the construction and maintenance of high temperature cement and steel plants, 3) operations and supply of rock aggregate and 4) the export of iron ore to China. Our present and past clients include various Indian government organizations and steel mills in China. Including our subsidiaries, we have approximately 200 employees and contractors. We are focused on winning construction contracts, building out rock aggregate quarries and setting up relations and export hubs for the export of iron ore to China.

Kamal Nath, India's Minister for Road Transport and Highways, told the Wall Street Journal that he plans to build 20 kilometers of road every day and raise \$41 billion in private sector investment in the next three to four years. We believe that these initiatives will continue to be favorable to our business. Our model is three fold: 1) we bid on construction and engineering contracts which provide us with a backlog which translates into greater revenues and earnings, 2) we are in the process of building rock quarries and selling rock aggregate to the infrastructure industry and 3) we export iron ore to China. There is seasonality in our business as outdoor construction activity slows down during the Indian monsoons. The rains typically continue intermittently from June through September. Our expansion plans include 1) building out 10 rock aggregate quarries to create a one-stop shop for rock aggregate (a business not prevalent in India), 2) obtaining licenses for the mining of iron ore in India (to fill customer orders from China), and 3) win and execute construction contracts.

### Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These items are regularly monitored and analyzed by management for changes in facts and circumstances, and material changes in these estimates could occur in the future. These estimates include, among others, our revenue recognition policies related to the proportional performance and percentage of completion methodologies of revenue recognition of contracts and assessing our goodwill for impairment annually. Changes in estimates are recorded in the period in which they become known. We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances. Actual results will differ and may differ materially from the estimates if past experience or other assumptions do not turn out to be substantially accurate.

Our significant accounting policies are presented within Note 2 to our consolidated financial statements and the following summaries should be read in conjunction with the unaudited consolidated financial statements and the related notes included in this prospectus. While all accounting policies impact the financial statements, certain policies may be viewed as critical. Critical accounting policies are those that are both most important to the portrayal of financial condition and results of operations and that require management's most subjective or complex judgments and estimates. Our management believes the policies that fall within this category are the policies on revenue recognition, accounting for stock-based compensation, goodwill and income taxes.

### Revenue Recognition

The majority of the revenue recognized for the year ended March 31, 2010 and the three month period ended June 30, 2010 was derived from the Company's subsidiaries and as follows:

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

Table of Contents

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.

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 completion method. 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.

Full provision is made for any loss in the period in which it is foreseen.

Revenue from property development activity is recognized when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

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.

Employee Stock Options or Share Based Payments

We grant options to purchase our common stock and award restricted stock to our employees and directors under our equity incentive plans. The benefits provided under these plans are share-based payments subject to the provisions of FASB ASC 718 (Previously referred to as FAS 123R), Accounting for Stock Options and Other Stock Based Compensation. Under FASB ASC 718, we use the fair value method with modified prospective application, which provides for certain changes to the method for valuing share-based compensation. Share-based compensation expense recognized under FASB ASC 718 for the year ended March 31, 2010 was \$130,407. At March 31, 2010, total unrecognized estimated compensation expense related to non-vested awards granted prior to that date was zero. No stock based compensation was awarded during the 3 month period ended June 30, 2010. As of June 30, 2010, the Company has granted an aggregate of 78,820 shares of common stock and 1,413,000 stock options, to its directors and employees. The options vested immediately. The exercise price of the options was \$1.00 per share, and the options will expire on May 13, 2014. The fair value of the stock was \$39,410 on the date of grant and the fair value of the stock options was \$90,997. No share-based compensation was recognized for the three month period ended June 30, 2010. As of June 30, 2010, 531,795 options remain issuable under the 2008 Omnibus Plan.

As a result of FASB ASC 718, we estimate the value of share-based awards on the date of grant using a Black-Scholes option-pricing model. The determination of the fair value of share-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate, and expected dividends.

## Table of Contents

If factors change and we employ different assumptions in the application of FASB ASC 718 during future periods, the compensation expense that we record under FASB ASC 718 may differ significantly from what we have recorded in the current period. Therefore, we believe it is important for investors to be aware of the high degree of subjectivity involved when using option-pricing models to estimate share-based compensation under FASB ASC 718.

Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Because our share-based payments have characteristics significantly different from those of freely traded options, and because changes in the subjective input assumptions can materially affect our estimates of fair values, in our opinion, existing valuation models, including the Black-Scholes Option Pricing model, may not provide reliable measures of the fair values of our share-based compensation. Consequently, there is a risk that our estimates of the fair values of our share-based compensation awards on the grant dates may bear little resemblance to the intrinsic values realized upon the exercise, expiration, cancellation, or forfeiture of those share-based payments in the future. Certain share-based payments, such as employee stock options, may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and expensed in our financial statements. Alternatively, value may be realized from these instruments that are significantly in excess of the fair values originally estimated on the grant date and expensed in our financial statements. There currently is neither a market-based mechanism nor other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor a way to compare and adjust the estimates to actual values. Although the fair value of employee share-based awards is determined in accordance with FASB ASC 718 using a qualified option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction. Estimates of share-based compensation expenses are significant to our financial statements, but these expenses are based on the aforementioned option valuation model and will never result in the payment of cash by us.

Theoretical valuation models and market-based methods are evolving and may result in lower or higher fair value estimates for share-based compensation. The timing, readiness, adoption, general acceptance, reliability, and testing of these methods is uncertain. Sophisticated mathematical models may require voluminous historical information, modeling expertise, financial analyses, correlation analyses, integrated software and databases, consulting fees, customization, and testing for adequacy of internal controls.

For purposes of estimating the fair value of stock options granted during the year ended March 31, 2010 using the Black-Scholes model, we used the historical volatility of our stock for the expected volatility assumption input to the Black-Scholes model, consistent with the guidance in FASB ASC 718. The risk-free interest rate is based on the risk-free zero-coupon rate for a period consistent with the expected option term at the time of grant. We do not currently pay nor do we anticipate paying dividends, but we are required to assume a dividend yield as an input to the Black-Scholes model. As such, we use a zero dividend rate. The expected option term is estimated using both historical term measures and projected termination estimates.

## Goodwill

We account for goodwill in accordance with FASB ASC 350 (Previously referred to as SFAS No. 132), "Goodwill and Other Intangible Assets". FASB ASC 350 requires the use of a non-amortization approach to account for purchased goodwill and certain intangibles. Under the non-amortization approach, goodwill and certain intangibles are not amortized into results of operations, but instead are reviewed for impairment at least annually and written down and charged to operations only in the periods in which the recorded value of goodwill and certain intangibles exceeds its fair value. We have elected to perform our annual impairment test in the fourth quarter of each calendar year. An interim goodwill impairment test would be performed if an event occurs or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For purposes of performing the goodwill impairment test, we concluded there is one reporting unit.

In the fourth quarter of our 2010 fiscal year, we performed our annual test for goodwill and investment impairment and determined that our goodwill, and investment in Sricon, was not impaired.



## Table of Contents

### Accounting for Income Taxes

In connection with preparing our financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves the assessment of our net operating loss carry forwards and credits, as well as estimating the actual current tax liability together with assessing temporary differences resulting from differing treatment of items, such as reserves and accrued liabilities, for tax and accounting purposes. We then assess the likelihood that deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. We expect to realize our deferred tax assets as we expect to generate revenue and profit at the parent level through service fees charged to the subsidiaries and ore contracts obtained at the parent level. The IGC parent expects to realize sufficient earnings and profits to utilize deferred tax assets as it begins 1) invoicing its subsidiaries for services and 2) establishes iron ore sales contracts with customers in China and other countries. Recently, the IGC parent reported contracts for the supply of around \$200 million of iron ore to customers in China. We have therefore not provided an allowance against the deferred tax asset.

### Results of Operations

#### Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

Revenue - Total revenue was \$1.12 million for the three months ended June 30, 2010, as compared to \$2.72 million for the three months ended June 30, 2009. The revenue reported in June 2010 does not include Sricon revenue, due to the deconsolidation of Sricon effective October 1, 2009. The revenue reported in June 2009 however, includes revenue from Sricon. Eliminating the Sricon revenue in order to make these comparable, the Company remained flat on the top line for the three months ended June 30, 2010 as compared to June 30, 2009.

Cost of Revenue - Cost of revenue consists primarily of compensation and related fringe benefits for project-related personnel, department management and all other dedicated project related costs and indirect costs. It also includes the cost associated with buying raw materials. Cost of revenue for the three months ended June 30, 2010 was \$0.98 million compared to \$1.79 million for the three months ended June 30, 2009. As a percentage of revenue, the cost of revenue increased, primarily because the Company has contracts for rock aggregate and iron ore that it is filling before its quarries become fully operational. This practice will continue till our quarries and ore mines are fully functional. At that point, we will fill orders for infrastructure materials from a much-improved cost basis. In the mean time our strategy is to gain market share, establish our brand, and expand the customer base.

Selling, General and Administrative - Selling, general and administrative expenses were \$0.58 million for the three months ended June 30, 2010 compared to \$0.73 million for the three months ended June 30, 2009.

Operating Income (loss) - In the three months ended June 30, 2010, operating loss was \$ \$0.53 million compared to an operating loss of \$0.008 million for the three months ended June 30, 2009. The operating loss in the three months ended June 30, 2010, stem partly due to a decrease in revenue on account of de-consolidation of Sricon and largely due to increased costs incurred during the initial phases of the quarry. We expect operating income to increase as our revenue ramps up and our quarries become operational.

Early extinguishment of debt, interest expense, and amortization of debt discount –The interest expense and amortization of debt discount for the three months ended June 30, 2010 was \$0.39 million compared to \$0.41 million for the three months ended June 30, 2009. The interest expense and amortization of debt discount are for \$5.11 million of short and long term debt. The annual effective rate of interest is 34%, albeit much of it non-cash. If the Company raises equity and pays of some of the loans, it can potentially save around \$0.4 million per quarter, or \$1.6 million a year, which would increase our bottom line substantially.



Table of Contents

Income tax benefit/(expense) – The provision for income taxes resulted in a tax benefit of \$0.42 million in the three months period ended June 30, 2010 compared to tax expense of \$0.11 million for the same period in 2009. The decrease in income expense was primarily due to timing differences and tax attributes related to deferred interest expense, NOL's and foreign tax credits. As stated in our recently filed 10-K, a valuation allowance is not taken because of \$200 million in new contracts over 5 years commencing in fiscal year 2011. We believe that newly acquired contracts will generate sufficient taxable income to utilize our tax assets recorded as of June 30, 2010. Refer to our recently filed 10-K for more details on utilization of tax assets.

Consolidated Net Income (loss) – Consolidated Net loss for the three months ended June 30, 2010 was \$0.59 million compared to a consolidated net loss of \$0.54 million for the three months ended June 30, 2009.

Cash, cash equivalents, restricted cash and working capital – As on June 30, 2010 the company had \$2.48 million of cash, cash equivalents and restricted cash. Restricted cash is cash in a fixed deposit used to secure a bank guarantee. As of June 30, 2010, the Company had approximately \$3.44 million as working capital.

Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company results for the three month periods ended June 30, 2010 and 2009.

Cash used for operating activities from continuing operations is our net loss adjusted for certain non-cash items and changes in operating assets and liabilities. During the three months ended June 30, 2010, cash used for operating activities was \$0.74 million compared to cash used for operating activities of \$0.47 million during the three months ended June 30, 2009. The uses of cash in the three months ended June 30, 2010 relate primarily to the payment of general operating expenses of our subsidiary companies. The large change is due to a decrease in business volume and significant expenditure incurred in relation to a new quarry which is not yet fully functional.

During the three months ended June 30, 2010, investing activities from continuing operations provided \$0.07 million of cash as compared to \$0.24 million used during the comparable period in 2009. The inflow of cash was primarily due to release of restricted cash during the three months partially offset by investments in joint ventures during the same period.

Financing cash flows from continuing operations consist primarily of transactions related to our debt and equity structure. During the three months ended June 30, 2010 financing activities provided approximately \$0.45 million, compared to cash used of approximately \$0.33 million during the comparable period in 2009. The cash generated from financing activity during the current period is primarily on account of issuance of common stock.

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. We believe that our current cash balances and anticipated operating cash flow will be sufficient to fund our normal operating requirements for at least the next 12 months. However, we may seek to secure additional capital to fund further growth of our business, or the repayment of debt, in the near term.

Table of Contents

Fiscal year ended March 31, 2010 compared to fiscal year ended March 31, 2009

The following table presents an overview of our results of operations for the fiscal years ended March 31, 2010 and 2009:

	Year ended March 31,		Change	Percentage
	2010	2009		
Revenues	17,897,826	35,338,725	(17,440,899)	-49.35%
Cost of revenues	(15,671,840)	(27,179,494)	11,507,654	-42.34%
Gross profit	2,225,986	8,159,231	(5,933,245)	-72.72%
Selling, General and Administrative expenses	(5,614,673)	(4,977,815)	(636,858)	12.79%
Depreciation	(603,153)	(873,022)	269,869	-30.91%
Operating income (loss)	(3,991,840)	2,308,394	(6,300,234)	-272.93%
Interest expense	(1,221,466)	(1,753,951)	532,485	-30.36%
Amortization of debt discount	(356,436)	-	(356,436)	-
Interest Income	210,097	1,176,017	(965,920)	-82.13%
Other Income	281,782	-	281,782	-
Loss on dilution of stake in Sricon	(2,856,088)	-	(2,856,088)	-
Equity in earnings of affiliates	16,446	-	16,446	-
Income before income taxes and minority interest	(7,917,505)	1,730,460	(9,647,965)	-557.54%
Income taxes	3,109,704	(1,535,087)	4,644,791	-302.58%
Income after income taxes	(4,807,801)	195,373	(5,003,174)	

Revenue - Total revenue is \$17.90 million for the year ended March 31, 2010, as compared to \$35.34 million for the year ended March 31, 2009. In the current year, we have de-consolidated one of our subsidiaries, Sricon effective October 1, 2009 due to our decreased ownership in Sricon as described above. As a result, the revenue for the current year does not include revenue from Sricon for a period of six months. The revenue from Sricon for the previous year was \$32.26 million as compared to \$3.1 million for the six months ended September 30, 2009. The lower revenue from Sricon for the six months ended September 30, 2009 is because of decreasing customer contracts as a result of the financial turmoil. However, this decrease in revenue was partially offset by an increase in revenue from our materials and construction business amounting to \$9.91 million.

Table of Contents

Cost of Revenue - Cost of revenue 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, 2010 decreased by \$11.51 million, compared to the year ended March 31, 2009. This decrease is substantially in line with the decrease in revenue as explained above.

Gross profit – Our gross profit decreased by \$5.93 million or 72.72%, to \$2.23 million for the year ended March 31, 2010 as compared to \$8.16 million for the year ended March 31, 2009. The principal reason for the decrease in gross profit during the year ended March 31, 2010 as compared to the previous year was the reduction in revenue during the year as explained above. As a percentage of revenue, gross profit margin was 12.44% and 23.08% for the years ended March 31, 2010 and 2009, respectively. The principal reason for our decrease in gross profit margin during the year ended March 31, 2010, as compared to the previous year, was the reduction in revenue during the year. 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, and allocated overhead. Selling, general and administrative expenses were \$5.61 million for the year ended March 31, 2010 compared to \$4.98 million for the year ended March 31, 2009. The primary reason for an increase in selling, general and administrative expenses was the write-off of certain acquisition related consulting expenses amounting to \$1.85 million that was deferred in the previous year. The early extinguishment of debt also resulted in a one-time charge of about \$0.59 million which is included in the selling, general and administrative expense. This increase was partially offset by a decrease resulting from the de-consolidation of Sricon with effect from October 1, 2009 in the current year.

Depreciation – The decrease in depreciation during the year relates primarily to the de-consolidation of Sricon. Depreciation expense relating to Sricon for the period after September 30, 2009 is not part of the depreciation expense in the consolidated statement of operations.

Income from operations - Income from operations decreased from \$2.31 million for the year ended March 31, 2009 to a loss of \$3.99 million for the year ended March 31, 2010, a decrease of \$6.38 million. This decrease in income from operations resulted primarily from lower gross profit and increased one-time expenses such as the acquisition consulting expense and the loss on extinguishment of debt.

Interest expense and amortization of debt discount – The interest expense and amortization of debt discount for the year ended March 31, 2010 was \$1.58 million as compared to \$1.75 million for the year ended March 31, 2009. Further interest expense for the current year also includes \$0.88 million relating to the interest accrued on new debt taken during the year and the interest on the debt extinguished and renewed on substantially new terms during the year. The interest expense for the current year primarily includes \$0.36 million relating to the amortization of discount given for the issuance of debt. Other interest expense is primarily from interest on short term borrowings made by the Indian subsidiaries to finance working capital requirements. The annual effective rate of interest is 34%, much of which is non-cash. If the Company raises equity and pays of some of the short term loans, it can potentially save around \$400,000 per quarter, or \$1.6 million a year, which would increase our net income substantially.

Interest income – The interest income for the year ended March 31, 2010 was \$0.21 million as compared to \$1.18 million for the year ended March 31, 2009.

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.

Table of Contents

Income tax expense – We had income tax benefit of \$3.11 million for the year ended March 31, 2010 as compared to an income tax expense of \$1.54 million for the year ended March 31, 2009. The income tax benefit for the current year is net of provision for tax amounting to \$0.21 million. The significant reduction in provision for income tax expense is on account of the losses incurred during the current year as opposed to profit in the previous years. The Company continues to pay minimum alternative tax in for some of its Indian subsidiaries in spite of carry-forward losses and tax exemptions in these subsidiaries because of certain tax regulations in India.

The significant increase in deferred tax benefit for the current year is primarily due to the creation of deferred tax assets on the entire net operating losses (including current year losses) and reduction in the valuation allowance. The valuation allowance at March 31, 2010 and 2009 was zero and \$108,041, respectively. The valuation allowance reflects the estimate that it is more likely than not that the net deferred tax assets may not be realized. The valuation allowance was not increased despite a significant loss for the year ended March 31, 2010. This was because of the contracts that were executed by us in April and May of 2010 in the amount of \$200 million which would accrue over a period of 5 years. These contracts represent a significant backlog of sales orders. As a result, it is more likely than not that the net deferred tax assets may be realized over the life of the newly acquired contracts. These contracts are already entered into by us and provide sufficient evidence of the realizability of our deferred taxes. These contracts are for the supply of iron ore to customers in China. We have conservatively estimated an operating margin of 7% on the delivery of these contracts which is projected to amounts that will realize our deferred tax assets.

	Year ended March 31,		
	2010	2009	2008
Past revenue results	\$ 17,897,826	\$ 35,338,725	\$ 2,188,018
Annual Increase in revenue	40,000,000	40,000,000	40,000,000
Percentage increase in revenue	223%	113%	1,828%
Expected operations margin	7%	7%	7%

	Year ended March 31,		
	2011	2012	2013
Annual Increase in revenue	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Expected operations margin	7%	7%	7%
Expected taxable income	2,352,797	2,819,463	2,819,463
Projected increase in tax expense	799,951	958,618	958,618
Projected foreign tax credits utilized	(544,207)	N/A	N/A
Projected NOL's utilized	(156,582)	(859,456)	(859,456)
Other deferred assets utilized	(99,162)	(99,162)	(99,162)

	Year ended March 31,		
	2014	2015	2016
Annual Increase in revenue	\$ 40,000,000	\$ 40,000,000	\$ 40,000,000
Expected operations margin	7%	7%	7%
Expected taxable income	2,819,463	2,819,463	2,819,463
Projected increase in tax expense	958,618	958,618	958,618
Projected foreign tax credits utilized	N/A	N/A	N/A
Projected NOL's utilized	(124,018)	N/A	N/A
Other deferred assets utilized	(99,162)	(99,162)	(99,162)

## Table of Contents

Net loss – The position of the Company changed from a profit of \$0.19 million (inclusive of minority interest) for the year ended March 31, 2009 to a loss of \$4.81 million for the year ended March 31, 2010. This loss was driven primarily by lower operating profits during the year ended March 31, 2010 and a significant one-time charge on account of dilution of our stake in Sricon.

Impairment of Goodwill – As a result of our annual impairment tests which occurred during the fourth quarter, we have not recorded an impairment adjustment to goodwill. Factors that influence the analysis include contracts, potential contracts, collection of claims, ability to grow the quarry and ore business, and other factors. While there is an overall liquidity constraint and we require more cash to grow, the market potential for the infrastructure business in India remains strong and unabated.

### Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company results for the years ended March 31, 2010 and 2009.

Cash used for operating activities from continuing operations is net loss adjusted for certain non-cash items and changes in operating assets and liabilities. During the year ending March 31, 2010, cash used for operating activities was \$2.96 million compared to cash used for operating activities of \$8.11 million during the year ended March 31, 2009. The uses of cash during the year ended March 31, 2010 were primarily for the payment of expenses of our subsidiary companies including expenses incurred for curtailing certain contracts. The uses of cash during the year ended March 31, 2009 were primarily for the payment of general operating expenses of our subsidiary companies, down payments on equipment and one-time expenses related to legal costs associated with the warrant tender offer, increased fund-raising activities, and increased expenses in curtailing contracts.

Cash used for investing activities during the year ended March 31, 2010 amounting to \$2.00 million is primarily for the purchase of some of the newly formed subsidiaries of the Company and investments in joint ventures. During the year ended March 31, 2009, investing activities from continuing operations provided \$2.9 million of cash.

During the year ended March 31, 2010, we were able to raise \$3.9 million through various sources to fulfill our financing needs. Cash generated through financing activities was primarily from new debt incurred amounting to \$2 million, issuance of common stock amounting to \$1.83 million, and other short term borrowings in the Indian subsidiaries amounting to \$0.35 million. During the year ended March 31, 2009, there was cash financing provided amounting to approximately \$0.15 million. We paid off \$5.5 million in bank lines and notes outstanding during the year ended March 31, 2009.

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. We believe that our current cash balances, anticipated operating cash flow, and potential cash from claims 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 and claims.





## Table of Contents

Off-balance sheet arrangements

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

### 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 material and fuel 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 governments 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 an impact on our future earnings.



## Table of Contents

### 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 7 and 11 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.

### 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.

### Recently Adopted Accounting Pronouncements

In December 2007, the FASB issued ASC 810-10-65 “Consolidation — Transition and Open Effective Date Information” (previously referred to as SFAS No. 160, “Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51”). ASC 810-10 establishes accounting and reporting standards for a non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810-10-65 establishes accounting and reporting standards that require (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented in the consolidated balance sheet within equity, but separate from the parent’s equity, (ii) the amount of consolidated net income attributable to the parent and the non-controlling interest to be clearly identified and presented on the face of the consolidated statements of income, and (iii) changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently. Effective April 1, 2009, the Company adopted ASC 810-10-65. See “Consolidated Balance Sheets”, “Consolidated Statements of Income”, “Consolidated Statements of Shareholders’ Equity and Comprehensive Income (Loss)”, and note 2 for information and related disclosures regarding non-controlling interest.

In December 2007, the FASB issued ASC 805 “Business Combinations” (previously referred to as SFAS No. 141 (revised 2007), “Business Combinations”, which was a revision of SFAS No. 141, “Business Combinations”). This Statement establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in an acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Effective April 1, 2009, the Company adopted ASC 805 and the adoption did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.

In February 2008, the FASB approved ASC 820-10 “Fair Value Measurements and Disclosures” (previously referred to as FASB Staff Position FAS No.157-2, “Effective Date of FASB statement No. 157” (FSP FAS 157-2), which grants a one-year deferral of SFAS No. 157’s fair-value measurement requirements for non-financial assets and liabilities, except for items that are measured or disclosed at fair value in the financial statements on a recurring basis). Effective April 1, 2009, the Company has adopted ASC 820-10 for non-financial assets and liabilities. The adoption of ASC 820-10 for non-financial assets and liabilities did not have a material impact on the Company’s consolidated results of operations, cash flows or financial position.



Table of Contents

In November 2008, the FASB's Emerging Issues Task Force reached a consensus on ASC 323-10 "Investments-Equity Method and Joint Ventures" (previously referred to as EITF Issue No. 08-6, "Equity Method Investment Accounting Considerations"). ASC 323-10 continues to account for the initial carrying value of equity method investments on a cost accumulation model, which generally excludes contingent consideration. ASC 323-10 also specifies that other-than-temporary impairment testing by the investor should be performed at the investment level and that a separate impairment assessment of the underlying assets is not required. An impairment charge by the investee should result in an adjustment of the investor's basis of the impaired asset for the investor's pro-rata share of such impairment. In addition, ASC 323-10 reached a consensus on how to account for an issuance of shares by an investee that reduces the investor's ownership share of the investee. An investor should account for such transactions as if it had sold a proportionate share of its investment with any gains or losses recorded through earnings. ASC 323-10 also addresses the accounting for a change in an investment from the equity method to the cost method after adoption of ASC 810-10 (previously referred to as SFAS No. 160). ASC 323-10 affirms existing guidance which requires cessation of the equity method of accounting and application of ASC 320-10 (previously referred to as FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities"), or the cost method under ASC 323-10-35, as appropriate. Effective April 1, 2009, the Company adopted ASC 323-10 and the adoption did not have a material impact on the Company's consolidated results of operations, cash flows or financial position.

In April 2009, the FASB issued ASC 805-20 "Business Combinations — Identifiable Assets and Liabilities, and Any Non-controlling Interest" (previously referred to as FASB Staff Position FAS No. 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" (FSP FAS No. 141R-1)). ASC 805-20 eliminates the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria, in ASC 805 and instead carries forward most of the provisions in FASB Statement No. 141, Business Combinations, for acquired contingencies. ASC 805-20 is effective for contingent assets or contingent liabilities acquired in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Effective April 1, 2009, the Company adopted ASC 805-20 and the adoption did not have a material impact on the Company's consolidated results of operations, cash flows or financial position.

In April 2009, the FASB issued the following three ASCs intended to provide additional application guidance and enhance disclosures regarding fair value measurements and impairments of securities:

ASC 820-10-65 "Fair Value Measurements and Disclosures — Transition and Open Effective Date Information" (previously referred to as FASB Staff Positions FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Signif