India Globalization Capital, Inc.
Form 10-K
July 16, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

o Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the fiscal year ended March 31, 2012

o Transition report under Section 13 or 15(d) of the Exchange Act.

Commission file number 1-32830

INDIA GLOBALIZATION CAPITAL, INC.
(Name of small business issuer in its charter)

Maryland	20-2760393
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4336 Montgomery Ave. Bethesda, Maryland 20814
(Address of principal executive offices)

(301) 983-0998
(Issuer's telephone number)
Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Name of exchange on which registered
Units (each consisting of one share of Common Stock and two Warrants)	NYSE MKT (NYSE Amex)
Common Stock	NYSE MKT (NYSE Amex)
Common Stock Purchase Warrants	NYSE MKT (NYSE Amex)

Securities registered under Section 12(g) of the Exchange Act: None.

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
oYes þNo

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
o Yes þ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
þYes o No (the Registrant is not yet required to submit Interactive Data)

Indicate by check mark disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes þ No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $3,232,878.

As of June 25, 2012 there were 60,061,737 shares of common stock issued and outstanding.

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PART I

Item 1. Business

Background of India Globalization Capital, Inc. (IGC)

IGC, a Maryland corporation, 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 of our Common Stock. 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 interests in two companies in India, Sricon Infrastructure Private Limited ("Sricon") and Techni Bharathi Limited ("TBL"). Both companies are focused on the infrastructure industry. Currently, IGC owns 77% of TBL and 22% of Sricon. The shares of the two Indian companies, Sricon and TBL, are held by IGC-M.

On February 19, 2009, IGC-M beneficially purchased 100% of IGC Mining and Trading Private 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. India Globalization Capital, Inc. ("IGC," the "Company," or "we") and its subsidiaries are engaged in the sale of materials, and in mining, quarrying, and construction.

On December 30, 2011, IGC acquired a 95% equity interest in Linxi Hefei Economic and Trade Co. aka Linxi H&F Economic and Trade Co., a People's Republic of China based company ("PRC Ironman") by acquiring 100% of the equity of H&F Ironman Limited, a Hong Kong company ("HK Ironman"). Unless it is necessary to specify which company in China we are referring to, PRC Ironman or HK Ironman, we will collectively refer to both as Ironman throughout this report. The registered capital of PRC Ironman is RMB 2,000,000, equaling to USD $273,800, in which Mr. Zhang Hua owned 80% and Mr. Xu Jianjun owned the remaining 20%. Mr. Zhang Hua and Mr. Xu Jiajun transferred 75% and 20% respectively to HK Ironman on January 18, 2011. Thus, as of March 31, 2011, HK Ironman held 95% of the Company's registered capital.

IGC operates in India and China geographies specializing in the infrastructure sector. Operating as a fully integrated infrastructure company, IGC, through its subsidiaries, has expertise in mining and quarrying, road building, and the construction of high temperature plants. The Company's medium term plans are to expand the number of iron ore mines it has in China and continue to build its iron ore assets. The business offerings of the Company include construction as well as a materials business. The Company's core businesses are in mining, materials and construction.

IGC's organizational structure is as follows:

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Unless the context requires otherwise, all references in this report to the "Company", "IGC", "IGC Inc.", "we", "our", and refer to India Globalization Capital, Inc., together with its wholly owned subsidiaries IGC-M and HK Ironman, Ltd. and its direct and indirect subsidiaries (TBL, IGC-IMT, IGC-MPL, IGC-LPL and PRC Ironman) and Sricon, in which we hold a non-controlling interest.

Subsidiaries Overview

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 as well as the sale of iron ore to customers in India. IGC-MPL, IGC-LPL and IGC-IMT are all wholly owned subsidiaries of IGC-M.

TBL was incorporated as a public limited company (but not listed on the stock exchange) on June 19, 1982, in Cochin, India. It was converted to a private limited company in 2012. 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, and Tamil Nadu. Its present and past clients include various Indian government organizations.

HK Ironman is a Hong Kong-based company incorporated on December 20, 2010 to acquire PRC Ironman. PRC Ironman was incorporated as Linxi Hefei Economic & Trade Co., Ltd. in China on January 8, 2008. PRC Ironman is a Sino-foreign equity joint venture ("EJV") established by both foreign and Chinese investors (i.e., Sino means "China" herein). HK Ironman owns 95% of PRC Ironman. PRC Ironman is engaged in the processing and extraction of iron ore from sand and dirt at its beneficiation plants in southwest Linxi in the autonomous region of eastern Inner Mongolia, under the administration of Chifeng City, Inner Mongolia, which is located 250 miles from Beijing, 185 miles from Tianjin Port and 125 miles from Jinzhou Port and well connected by roads, planes and railroad. PRC Ironman operates three beneficiation plants on three separate properties, all located in Linxi.

Our approach is to offer integrated solutions to our customers such as construction services combined with the sale and transportation of materials. However, in fiscal 2012 we focused more on building mining assets like iron ore mines and less on construction.

Company Overview

We are a materials and construction company offering a suite of services including: 1) the supply of iron ore to customers in China and India, 2) operations and supply of rock aggregate, and 3) the civil construction of roads and highways. Our present and past clients include various Indian government organizations and steel mills in China. Including our subsidiaries, we have approximately 105 employees and contractors. We are focused on building out mining assets including iron ore, rock aggregate, setting up customer relations, and export hubs for the export of materials to China.

Our business model is as follows:

1. We beneficiate and supply iron ore to customers in China and trade in ore in the Indian markets.

2. We supply rock aggregate to the construction industry in India and trade in other construction materials in the Indian markets, and

3. We bid and execute construction and engineering contracts.

Our expansion plans include building on our current iron ore assets. This includes obtaining licenses for the mining of iron ore in India and acquiring other mines and beneficiation plants, as well as winning and executing construction contracts.

Prices of ore have moved from a high of $180 per ton at the end of 2010 to about $110 per ton at the end of 2011 and appear to be moving back up to the $125-$140 per ton range. Mainstream prices of 63.5% Fe Indian fines stood at $137-138 per ton in China on Friday June 15, 2012. We now operate three beneficiation plants in China through our subsidiary Ironman. We extract and process high-grade iron ore from the sand located in the hills of Inner Mongolia. In addition, we recently acquired a new property of mining land. At $137 per ton, our total estimated reserves of high-grade iron ore on four properties are about $593 million.

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Ironman's plants extract iron ore from the sand by using two processes. The first process is a dry separation process. Trucks of sand are poured into a separator that employs magnets. The magnets separate the sand from the iron ore. In one day, Ironman may process as much as 30,000 tons of sand through the dry separators. The second process is a wet process, which involves mixing the processed sand and ore with water and then using magnets to separate the ore from the slurry. About 70 trucks of sand are ultimately beneficiated into one truck of high-grade 66% iron ore. The entire process is continuous and runs during daylight. The sand that is separated from the ore is redistributed to the hills. The water is filtered and reused up to three times before pumping it to grass, plants and shrubs that are planted in the hills to create a sustainable environment. Ironman maintains an English language web site at www.hfironman.net.

Industry Overview

The 2011 CIA World Fact book estimated the Indian GDP to be approximately $1.43 trillion in 2010: "In 2010, the Indian economy rebounded robustly from the global financial crisis - in large part because of strong domestic demand - and growth exceeded 8% year-on-year in real terms." According to the 2012 CIA World Factbook, the estimated Indian GDP for 2011 was $1.843 trillion. However, the Financial Times noted that economic growth for the quarter to the end of September 2011 slowed to an annualized 6.9 percent making the official target for economic growth in the 2012 fiscal year of 8.5 per cent out of reach. Some analysts are encouraged by the Congress party-led government's efforts to unleash economic reforms in the face of slackening growth, but believe that fiscal year 2011-2012 will now be nearer 7 percent.

This slowdown in the economy is not exclusive to India, since factors like inflation and higher interest rates are impacting most emerging markets. The Economic Survey for 2011-12 in India pegged inflation at 6.5-7 per cent by end of March 2012 and projected a further moderation in the next fiscal. The Survey also noted that the outlook for growth and stability is promising with real GDP growth expected to pick up to 7.6 per cent in 2012-13 and 8.6 per cent in 2013-14. India's medium-term growth outlook is positive due to favorable demographic dynamics (India has a large youth population that exceeds 550 million) and corresponding low dependency ratio, healthy savings and investment rates, increasing consumerism, and increasing integration into the global economy. The International Monetary Fund (IMF) disclosed in March 2012 that amid overall growth slowdown in the fourth quarter of 2011, "growth increased strongly in India and Indonesia, modestly in the United States, but slowed somewhat in China." Other factors that could keep fostering growth include inflows of foreign investment, as India ranks #2 after China in the A.T. Kearney "FDI Confidence Index" for 2012, and improvements in the Indian banking system.

To sustain India's growing economy, infrastructure investment in India is expected to increase to 9 percent of GDP by 2014, up from 5 percent in 2006-07. This forecast is based on The Indian Planning Commission's statement in its 2010 annual publication. The Committee for Infrastructure Financing (India) & Bloomberg News, India expected to spend $475 billion on infrastructure build out through 2012 and beyond. On its September 2011 publication, the Commission stated that for the Twelfth Five Year Plan period (2012-17), a large investment of approximately $1 trillion (double the $494 billion investment for 2011 reported in the India Infrastructure Summit of 2010) is required for Infrastructure build-out and modernization. This industry is one of the largest employers in the country. The construction industry alone employs more than 30 million people. According to the Business Monitor International (BMI), by 2012, the construction industry's contribution to India's GDP is forecasted to be approximately 17%.

This ambitious infrastructure development mandate by the Indian government will require funding. The government of India has already raised funds from multi-lateral agencies such as the World Bank and the Asian Development Bank. The India Infrastructure Company was set up to support projects by guaranteeing up to $2.0 billion annually. In addition, the Indian government has identified public-private partnerships as the cornerstone of its infrastructure development policy. The Indian government is also proactively seeking additional FDI and approval is not required for up to 100% of FDI in most infrastructure areas. According to Indian Prime Minister, Dr. Manmohan

Singh, India needs $1 trillion in Infrastructure spending between fiscal years 2011/2012 and 2016/2017 to achieve 10% annual growth rates.

The Indian government is also permitting External Commercial Borrowings (ECB’s) as a source of financing Indian companies looking to expand existing capacity and incubation for new startups. ECB’s include commercial bank loans, buyers' credit, suppliers' credit, securitized instruments such as floating rate notes and fixed rate bonds, credit from official export credit agencies, and commercial borrowings from private sector multilateral financial institutions such as the International Finance Corporation (Washington, DC), ADB, AFIC, CDC, etc. National credit policies seek to keep an annual cap or ceiling on access to ECB, consistent with prudent debt management. These policies encourage a greater emphasis on infrastructure projects in core sectors such as power, oil exploration, telecom, railways, roads and bridges, ports, industrial parks, urban infrastructure, and exporting.

On the other hand, the expectation is that China’s industrial revolution promises strong demand of infrastructure materials, like iron ore, for decades to come. China's need for imported iron ore will continue to rise due to the decreasing quality of the country's own iron-ore reserves, even if China's overall iron-ore demand growth during 2012 seems to be lower than the 12% increase registered in some recent years, said Steve Randall, managing director of London price provider The Steel Index. According to a Forbes Magazine article of May 5, 2011, the Chinese government announced in March 2011 that they would build 36 million low-income apartment units between 2011 and 2015, with 10 million units planned for construction per year starting in 2011. Further, Forbes reported that China imported $4.02 billion worth of iron ore and metals from Brazil in the first quarter 2011, though down from $5.2 billion in the fourth quarter, but was nearly double the $2.1 billion in the first quarter of 2010. Goldman Sachs on May 25, 2011, reported that it was lowering its forecast for China’s economic growth from 10% to 9.4% for 2011 and from 9.5% to 9.2% for 2012. These projections must also be viewed in a global and slightly longer-term perspective. According to projections by the Boston Consulting Group (BCG) on May 25, 2010, China’s current $5.9 trillion economy is expected to triple to $17.7 trillion (more than the size of the current U.S. economy) in 20 years. Even if these projections are lowered, the demand for iron ore, a key ingredient of steel, will continue to be very strong and IGC believes that the current uncertainty in the global markets is an opportune time to increase its iron ore facilities and assets, market share, and build stockholder value.

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Our operations are subject to certain risks and uncertainties, including among others, dependency on the Indian, Chinese and Asian economy and government policies, competitively priced raw materials, dependence upon key members of the management team, and increased competition from existing and new entrants. See the Risk Factors section for a discussion of certain of these risks.

Our Securities

The Company has three securities listed on the NYSE MKT (NYSE Amex): (1) Common Stock, $.0001 par value (ticker symbol: IGC) ("Common Stock"), (2) redeemable warrants to purchase Common Stock (ticker symbol: IGC.WT), and (3) units consisting of one share of Common Stock and two redeemable warrants to purchase Common Stock (ticker symbol: IGC.U). The units may be separated into Common Stock and warrants. Each warrant entitles the holder to purchase one share of Common Stock at an exercise price of $5.00. The warrants issued in our initial public offering that were to expire on March 3, 2011, are now to expire on March 8, 2013 since the Company exercised its right to extend the terms of those warrants.

The registration statement for the initial public offering was declared effective on March 2, 2006. The Company's outstanding warrants are exercisable and may be exercised by contacting IGC or the transfer agent, Continental Stock Transfer & Trust Company. The Company has a right to call the warrants, provided the Common Stock has traded at a closing price of at least $8.50 per share for any 20 trading days within a 30-trading day period ending on the third business day prior to the date on which notice of redemption is given. If the Company calls the warrants, either the holder will have to exercise the warrants by purchasing the Common Stock from the Company for $5.00 or the warrants will expire. In accordance with the terms of the outstanding warrant agreements between the Company and its warrant holders, the Company in its sole discretion may lower the price of its warrants at any time prior to their expiration date.

The Company had 12,989,207 shares of Common Stock issued and outstanding as of March 31, 2010. During the twelve months ended March 31, 2011, the Company also issued 30,000 shares of Common Stock to American Capital Ventures and Maplehurst Investment Group for services rendered and 9,135 shares to Red Chip Companies valued at $8,039 for investor relations related services rendered.

The Company also issued a total of 400,000 shares of Common Stock, as consideration for the extension of the loans under the promissory notes described in Notes Payable during the twelve months ended March 31, 2011.

In February 2011, the Company consummated another transaction with Bricoleur to exchange the promissory note held by Bricoleur for a new note with an extended repayment term. The Company issued 688,500 shares of Common Stock valued at approximately $419,985 as consideration for the exchange, as discussed in corresponding note.

In March 2011, the Company and Oliveira agreed to exchange the promissory note held by Oliveira for a new note with an extended repayment term and provisions permitting the Company at its discretion to repay the loan through the issuance of equity shares at a stated value over a specific term. As of December 31, 2011, the Company has issued 1,570,001 shares of Common Stock valued at $798,176 to this debt holder, which constituted an element of repayment of principal as well as the interest in equated installments.

On December 30, 2011, the Company finalized the purchase of HK Ironman pursuant to a stock purchase agreement (the "Stock Purchase Agreement") that was approved by the shareholders of the Company on that date. Related to the acquisition of HK Ironman, the Company's shareholders approved the issuance of 31,500,000 equity shares to the owners of HK Ironman in exchange for 100% of the equity of HK Ironman (refer to Note 3); these shares have been considered as outstanding as of this date. In addition, the Stock Purchase Agreement provides for a contingent payment by IGC of $1 million provided certain post-closing covenants are met within 30 days of closing. These

post-closing covenants were not met within 30 days of closing and therefore the Company did not make the payment. In addition there are certain contingent payments by IGC to Ironman stockholders, as follows (i) $1.5 million in cash or stock, which is contingent on IGC achieving earnings growth of at least 30% from the previous year's closing audit (i.e., March 31, 2011); and (ii) $1.5 million in cash or stock, which is contingent on IGC achieving earnings growth of at least 30% from the previous year's closing audit (i.e., March 31, 2012). If either of the foregoing annual targets were missed, there would still be a payout of $3 million provided IGC achieves a cumulative earnings growth of 69% between fiscal years 2011 and 2013. The acquisition of HK Ironman and the offering of the Common Stock pursuant there to was exempt from registration under the Securities Act pursuant to Regulation S of the Securities Act, which exempts private issuances of securities in which the securities are not offered or advertised to the general public and such offering occurs outside of the United States to non-U.S. persons. No underwriting discounts or commissions were paid with respect to such sale. These securities were subsequently registered in a Form S-1.

As reported on a Current Report on Form 8-K filed by the Company on April 6, 2012, the Company retired a note in the amount of $2,232,627.79 on April 5, 2012. The Company projects a reduction in annual interest costs of about $612,000. The Company paid off the loan with 4,426,304 shares of newly issued Common Stock. The note holder has articulated that he is entitled to 5,000,000 shares, which claim we oppose vigorously. There has been no legal action filed in connection with this claim.

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Further, the Company also issued 2,783,450 stock options to some of its directors and employees pursuant to a stock option plan all of which are outstanding as of March 31, 2012; earmarked 3,150,000 retention shares of IGC Common Stock for key management of IGC and PRC Ironman in order to retain the individuals with the Company for at least a year following the acquisition; the Company also issued 25,000 shares of Common Stock valued at approximately $6,250 for investor relations related services rendered. As of March 31, 2012, IGC has 60,061,737 shares of Common Stock issued and outstanding.

Core Business Competencies

As the infrastructures of India and China are built out and modernized, the demand for basic raw materials like stone aggregate and iron ore (steel) is high and expected to increase. 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 competencies are:

1. A sophisticated, integrated approach to project modeling, costing, management, and monitoring.
2. In-depth knowledge of southern and central Indian infrastructure development as well as knowledge, history and ability to work in Inner Mongolia and Mongolia.
3. Knowledge of low cost logistics for moving commodities across long distances in specific parts of India as well as knowledge of logistics in the autonomous region of Inner Mongolia.
4. In-depth knowledge of the licensing process for mines in Inner Mongolia and southern and central India and for quarries in southern and central India.
5. Strong relationships with several important construction companies and mine operators in southern and central India and strong relationships at the appropriate levels of government in the autonomous region of Inner Mongolia.
6. Great access to the sand ore in the hills of Inner Mongolia

Our core business areas are:

1. Mining and trading. Our mining and trading activity currently centers on the export of iron ore to China and the resale of iron ore to traders in India. India is the fourth largest producer of iron ore. The Freedonia Group projected in May 2010 that China’s $1.15 trillion construction industry would grow 9.1% every year until 2014. This growth will increase China’s already large demand for steel. China, which accounted for 648 million metric tons of steel production in 2010, was expected to produce between 690 million and 710 million metric tons in 2011. As The Wall Street Journal reported, this production was expected to be almost half of total global output. China is also a net importer of iron ore from Australia, Brazil, India and other countries. China is the largest mineral trader in the world accounting for 25% of the trading in 2010. The iron ore and steel global trade in 2010 was about $395 billion and China accounted for $83 billion or 21.1 % of the global trade.

Global prices for iron ore are set through negotiations between China Steel and the large suppliers Rio Tinto, BHP Billiton and Vale. Once prices are set, the rest of the global markets follow that pricing. Prices for iron ore have increased about seven fold from 2003 to a high of $180 per metric ton at the end of 2010. In fiscal 2012, iron ore prices have been between $110 and $130 per metric ton. We believe that IGC is well positioned to provide some Chinese steel mills with the iron ore needed to meet their demand. Our subsidiary IGC Mining and Trading Private Limited (IGC-IMT), based in Chennai, India, and our subsidiary Ironman are engaged in the iron ore business. The IGC-IMT has relationships and in some cases agreements with mine owners in Orissa and Karnataka, two of the largest ore mining belts in India. In addition, it operates facilities at seaports on the west coast of India and to a lesser extent on the east coast of India. The facilities consist of an office and a plot of land within the port to store iron ore. IGC-IMP services a customer in China by buying ore from Indian mine owners, transporting it to seaports and then subcontracting stevedores to load the ships. Currently the Indian government, pending an inquiry into illegal

mining and environmental concerns, has closed the Indian mines. So the Company is exploring other places from which to obtain a supply of low-grade iron ore.

Ironman is engaged in the processing and extraction of iron ore from sand and dirt at its beneficiation plants, which converts low-grade ore to high-grade ore through a dry and wet separation process, provides IGC with a platform in China to expand its business, which includes shipping low-grade iron ore, which is available for export in India, to China in order to convert the ore to higher-grade ore before selling it to customers in China. Ironman's customers include local traders and steel mills near the port of Tianjin and steel mills located there. This area has excellent access roads consisting of multi-lane highways. Our staff is experienced in delivering and managing the logistics of ore transport. Even with the acquisition of Ironman, our share of the iron ore market is significantly less than 1%. However, we have an opportunity to consolidate and grow our market share in a specific geographic area.

2. Quarrying rock aggregate. As Indian infrastructure modernizes, the demand for raw materials like rock aggregate, iron ore and similar resources is projected to increase greatly. 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 will increase to 770 million metric tons in 2013 and 1.08 billion metric tons in 2018. In 2012, the Freedonia Group announced that "the global market for construction aggregates (e.g., sand, crushed stone, gravel) is expected to increase 5.2 percent annually through 2015 to 48.3 billion metric tons. The Asia/Pacific region will grow the fastest, followed by Eastern Europe and the Africa/Mideast region." Our subsidiary, IGC Materials Private Limited ("IGC-MPL"), is responsible for our rock aggregate production. The subsidiary currently has two quarrying agreements with two separate partners. With the production of these two quarries, our subsidiary is one of the largest suppliers in the immediate area. Our share of the overall market in India is currently less than 1%.

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All quarrying or mining activities in India require a license. IGC and its subsidiaries do not directly hold any mining or quarrying licenses and therefore there are no licenses or expenses in connection with acquiring the same being reflected in the consolidated financial statements. However, Sricon holds licenses and we quarry under licenses held by our partners. For all quarries, the licenses are granted for two years. The licenses are automatically renewed for additional periods of two years, provided that all royalty payments and taxes to the Indian government are paid up to date. IGC-MPL has applied, on its own, for licenses for mining and quarrying. The process of obtaining a quarrying license is difficult and typically takes between 12-18 months. The process involves a competitive application process. As such, while we have applied for licenses, there is no assurance that we will be granted these licenses. IGC-MPL is also in active negotiations with other land and license owners to expand the number of producing quarries available to it.

3. 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 planned 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. According to BBC, India's government has pledged to move ahead with major infrastructure projects to give a boost to the country's slowing economy and revive the plans to build new highways, airports and ports, among other things during the ongoing fiscal year. Prime Minister Manmohan Singh stated last June 6, 2012, that some of the projects to start the economic boost include contracts to build 9,500km of roads; three new airports at Navi Mumbai, Goa and Kannur; the upgrade to international standard of at least "three or four" of five airports - Lucknow, Varanasi, Coimbatore, Trichy and Gaya; two new aviation hubs to make India a major transit point and two new ports in Andhra Pradesh and West Bengal. Minister Singh estimated 1 trillion dollars in the next five years to building the infrastructure planned and said that the government alone would be unable to invest the amount." Our subsidiary, TBL, a small road building company, is engaged in highway and heavy construction activities. TBL has constructed highways, rural roads, tunnels, dams, airport runways and housing complexes, mostly in southern states. TBL, because of its successful execution of contracts, is pre-qualified by the National Highway Authority of India (NHAI) and other agencies. TBL's share of the overall Indian construction market is very small. However, TBL's prequalification and prior track record provides a way to grow the Company in highway and heavy construction. Currently, TBL is engaged in the recovery of construction delay claims that it is pursuing against NHAI, the Airport Authority of Cochin and the Orissa State Works. Our share of the overall market in India is significantly less than 1%.

4. Construction and maintenance of high temperature plants. Through our unconsolidated, minority interest in Sricon, we engage in the civil engineering, construction and maintenance of high temperature plants. Sricon also has the specialized skills required to build and maintain high temperature chimneys and kilns. Sricon's share of this market in India is less than 1%. However, the company is negotiating a possible exit from the equity in Sricon. It expects to finalize the sale of its minority investment back to Sricon in exchange for land in Nagpur, India. According to the global market researcher eMpulse, the construction industry's total market size in India is approximately $53 billion. According to Reuters, India exports about 100 million tons of iron ore per year. Prices for iron ore have averaged around $140 per metric ton. The rock aggregate market is India is approximately $3 billion.

The following table sets out the revenue contribution from our subsidiaries:

Subsidiary	Year ended March 31, 2012	Year ended March 31, 2011
TBL	0.64 %	2 %
IGC-IMT	88.76 %	53 %
IGC-MPL	10.60 %	44 %

IGC-LPL	0.00 %	1 %
PRC Ironman	0.00 %	0 %
Total	100 %	100 %

Customers

Our present and past customers include the National Highway Authority of India, several state high way authorities, the Indian railways, private construction companies in India and several steel mills in China, including local traders and steel mills near the port of Tianjin.

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Construction contract bidding process

In order to create transparency, the Indian government has centralized the contract awarding process for building interstate 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

The world's most commonly used metal is steel. The key ingredient in steel is iron ore representing almost 95% of all metals used per year worldwide. Iron ore is the most abundant rock-forming element and composes about 5% of the earth's crust. Iron ore is the primary material from which iron and steel products are made. These products are widely used around the world for structural engineering applications and in maritime purposes, automobiles and general industrial applications. Consumption of iron ore is constantly growing. China is currently the largest consumer of iron ore, which translates to be the world's largest steel producing country, and is the largest importer of iron ore and steel. China imports almost half of the iron ore mined worldwide. Supply of iron ore comes from China, India, Australia, Brazil and several other parts of the world. Iron ore is mined from the earth and is the raw material used to make pig iron, which is one of the main raw materials to make steel. According to an October 26, 2009, Financial Times article, iron ore is "more integral to the global economy than any other commodity, except perhaps oil."

Industry reports indicate that Chinese steel consumption has continued to grow even through the global economic downturn, as China's economy only modestly decelerated from its previous multi-year growth trajectory. Industry experts predict that growth in Chinese consumption is expected to remain a key driver for the global steel industry for a number of years to come. According to the World Steel Association, world crude steel production was 119 million metric tons (mmt) in January 2011, an increase of 5.3% from January 2010. In 2010, world crude steel production reached a record 1,414 mmt, up 15% year over year. China's crude steel production for January 2011 was 52.8 mmt, up 0.5% year over year.

In China, the iron ore industry is broadly divided into mining and processing. The companies that hold mining licenses mine ore and sell it to steel mills directly or to processing plants. The processing plants convert ore into high-grade ore, like Ironman, or into pellets that are then sold to steel mills. Typically, low-grade ore is ore that has an iron (Fe) content of less than 52% and high-grade ore is ore with a Fe content of over 52%. The processing involves the extraction of iron ore from sand and dirt at beneficiation plants. The beneficiation process involves crushing and separating ore into valuable substances or waste by any of a variety of techniques. Ironman's

beneficiation plant extracts iron ore from a dry magnetic separation process followed by a wet separation process. PRC Ironman currently either processes the sand from the hills of Inner Mongolia or it buys sand and low-grade ore from Mongolia, processes the material to produce 66% Fe ore and then sells the high-grade ore to steel mills and other traders in China. Its customers are mostly traders and steel mills located mostly around the port of Tianjin, China.

Our growth strategy and business model are to:

1) Deepen our relationships with customers by providing them infrastructure materials like iron ore, rock aggregate, concrete, coal and associated logistical support.
2) Expand our iron ore assets by acquiring more beneficiation plants and mines in Inner Mongolia.
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.
5) Expand the number of recurring contracts for infrastructure build-out to customers that can benefit from our portfolio of offerings.

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Competition

As mentioned before, Ironman's beneficiation plants are located 185 miles from the port of Tianjin. Other than about 10 kilometers of dirt road leading over a bridge and over the hills, the access to Tianjin port and steel mills located there is excellent consisting of multi-lane highways. The competition in the immediate area consists of three other operators and is fairly limited mainly because demand for ore within China is high and the market can absorb almost any amount of ore that is produced. Further, we expect to install an iron ore crusher that can grind ore pebbles into fine ore particles, providing a value added service to the smaller mine owners. We compete on price, quantity, and quality. While the iron ore industry is well established and relatively efficient market, we remain competitive because we have geographic advantage in Inner Mongolia as we are, with three plants, one of the larger suppliers in the area.

Rock aggregate is generally 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, which makes it expensive. We fill this gap by providing high quality material in large quantities.

We operate in an industry that is competitive. However, the industry is fragmented in some geographic areas and while a number of our competitors are well qualified and better financed than we are, we believe that the demand for contractors in general will permit us to compete for projects and contracts that are appropriate for our size and capabilities. 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. We seek to compete in the gap between these two ends of the competitive spectrum. 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. While we are also constrained by capital, we believe that we are in a better position to secure capital than a number of small, purely local competitors. Our construction business is positioned in the $5 million to $25 million contract range, above locally based contractors and below the large firms, creating a technical and financial advantage in this market niche assuming that we can maintain access to capital.

Seasonality

In 2011, the area of Chifeng and Inner Mongolia was subject to inclement weather. Typically, the months of May through September are rainy. On average, the rainfall is between 1.1 inches per month to a high of 4.7 inches per month, typically in July. This level of rainfall is not disruptive to the production of ore and in most cases the plant is operational. However, in 2011, the area received very heavy rainfall that caused flooding through the region. It had a serious impact on PRC Ironman's operations, as PRC Ironman could not operate the mines and the plant for over four months. The heavy rains and flooding destroyed over 16,000 houses and over 6,000 hectares of farmland. It also destroyed the bridge connecting our production facilities to the main highways. Limited damage was sustained to the plant and repairs have been made.

There is seasonality in our business as outdoor construction activity in India slows down during the Indian monsoons typically experiencing naturally recurring seasonal patterns throughout India. The northeast monsoons historically arrive on June 1 annually, 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 March 31, 2012, we employed a work force of approximately 105 employees and contract workers in the US, India, China, Hong Kong and Mauritius. Employees are typically skilled workers including executives, engineers, accountants, sales personnel, truck drivers and other specialized experts. Contract workers require less specialized skills. The truck drivers tend to be contract workers. 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 and USGAAP training and other fringe benefits. Ironman tends to be the employer of choice as there are very few industries in the area it operates. We hope that our efforts will make our other companies more attractive.

Environmental regulations

India and China have strict environmental, occupational, health and safety regulations. In most instances, the contracting agency regulates and enforces all regulatory requirements. As part of the mandate in the area, Ironman has undertaken a conservation effort as well as an effort to create a sustainable environment. Ironman actively plants grass and shrubs in the hills after they are excavated and uses the water from the processing plant to irrigate the grass and shrubs. 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. In addition, a certain portion of our revenue is set aside as a reserve fund for environmental development.

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Current Chinese currency revaluation

Bloomberg News reported on December 21, 2010 that U.S. Senators are strongly encouraging China to hold up to their promise to re-institute a "managed floating exchange rate." China may continue to institute a managed floating exchange rate regime that is tied to a basket of foreign currencies for the next eight or nine years, the China Securities Journal announced August 4, 2011. However, the RMB (the official currency of the People's Republic of China) is unlikely to be floated freely in the near term as the country's economy faces internal difficulties during its reform drive and external uncertainties of the global economy according to experts. Generally, the RMB is the best performer of the BRIC countries and has appreciated 24% to the dollar in the past decade. If a similar appreciation occurs, it will increase the purchasing power of Chinese steel mills buying iron ore, which is traded in U.S. dollars. Chinese firms could buy more ore, even at a higher price, and IGC would benefit from an appreciation of the RMB.

Information and timely financial reporting

Our operations are located in India and now China where the respective accepted accounting standards are the Indian GAAP and the Chinese GAAP. In many cases, the Indian GAAP and the Chinese GAAP are not congruent with the U.S. GAAP. Indian and Chinese accounting standards are evolving toward IFRS (International Financial Reporting Standards). We engage independent public accounting firms registered with the U.S. PCAOB to conduct an annual audit of our financial statements. The process of producing financial statements is at times cumbersome and places significant demands upon our existing staff. We believe we are still some time 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 and it is possible that we may fail to meet these time tables. Failure to file our reports in a timely fashion can result in severe consequences including the potential delisting of our securities. In addition, our access to capital may become more difficult or limited if we fail to meet reporting deadlines. We will make our annual reports, quarterly reports, proxy statements and up-to-date investor presentations available on our website, www.indiaglobalcap.com, as soon as they are available. Our SEC filings are also available, free of charge, at www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the following risk factors, together with all of the other information included in this report in evaluating us and our Common Stock and other securities. If any of the following risks and uncertainties develops 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 Related to the Acquisition of Ironman.

IGC may experience difficulty transferring money from India and China to the U.S.

Chinese and Indian currencies are not freely convertible into other currencies. Therefore, profits made in China or in India may have to be reinvested in those countries. While it is well reported in the news that China is seeking to make its currency convertible by 2015, there is no certainty that this will occur in the short-term. IGC has engaged legal counsel in India and China to advise on paths to move money between those countries and the U.S. The currently available methodologies include the sale of stock, a dividend payment or transfer pricing that involves USA overhead expenses paid out of the Chinese or Indian companies.

Iron Ore Exports from India may be reduced by one-third in 2012 and beyond.

Iron ore exports from India, usually the world's third biggest supplier of the ingredient for steel, could fall a third into 2012. India's iron ore exports were already down 25 percent in April to October 2011 because of stalled shipments arising from a legal dispute in Karnataka, India and because of high transport costs. Karnataka, India normally accounts for a quarter of India's exports. Most of India's iron ore exports go to China, which has the world's largest steel industry. India exported about half of China's annual production until Karnataka introduced a ban on shipments in July 2010. IGC is aware of the export issues in Karnataka, India, which could cause (a) logistics pricing, (b) export bans similar to the Karnataka ban on exports elsewhere in India, and (c) increased in the export duty. If one or more of these risks materialize, IGC's revenues could be adversely affected. IGC believes that low-grade ore remains available in other parts of India including both Orissa and Goa. Further, IGC's established presence in China and India will facilitate its ability to export ore from India. Further, IGC is exploring alternative arrangements for the supply of low grade ore from countries other than India, like Mongolia and the Philippines.

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The failure to integrate Ironman's business and operations successfully in the expected timeframe may adversely affect the combined company's future results.

IGC believes that its acquisition of Ironman will result in certain benefits, synergies and operational efficiencies. However, to realize these anticipated benefits, the businesses of IGC and Ironman must be successfully combined. The success of the acquisition will depend on the combined company's ability to realize these anticipated benefits from combining the businesses of IGC and Ironman. The combined company may fail to realize the anticipated benefits of the Acquisition for a variety of reasons, including:

- failure to successfully manage relationships with customers, distributors and suppliers;
- revenue attrition in excess of anticipated levels;
- failure to leverage the increased scale of the combined company quickly and effectively;
- potential difficulties integrating and harmonizing financial reporting systems;
- loss of one or more key employees;
- failure to effectively coordinate sales and marketing efforts to communicate the capabilities of the combined company; and
- failure to combine product and services offerings quickly and effectively.

The acquisition of Ironman has closed; however, the actual integration may result in additional and unforeseen expenses or delays. If the combined company is not able to integrate Ironman's business and operations successfully, or if there are delays in combining the businesses, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected.

IGC's management lack's experience in the iron ore industry.

IGC's current officers and directors do not have experience operating a business in China and lack direct experience in the iron ore industry. IGC believes that the officers and directors of HK Ironman and PRC Ironman will remain with the companies at least one year following the closing of the Acquisition to facilitate the transition, though there is no guaranty of this result. The success of the acquisition of HK Ironman (the "Acquisition") will depend in part on the ability of the combined company following the completion of the Acquisition to realize the anticipated benefits, including annual net operating synergies. Following the Acquisition, the size of the combined company's business will be significantly larger than the current business of IGC. Our future success depends, in part, upon our ability to manage this expanded business, which will pose challenges for our management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. IGC cannot assure you that the combined company will be successful or that the combined company will realize the expected operating efficiencies, annual net operating synergies, revenue enhancements and other benefits currently anticipated resulting from the Acquisition. The failure to manage successfully the challenges presented after an Acquisition may result in the Company's failure to achieve some of all of the anticipated benefits of the Acquisition. Consequently, our operations, earnings and ultimate financial success may suffer harm as a result.

Ironman has limited business insurance coverage.

Insurance companies in China currently do not offer as extensive array of insurance products as insurance companies do in the U.S. We do not have any business liability or disruption insurance to cover our operations. Any uninsured occurrence of business disruption may result in our incurring substantial costs, which could have an adverse effect on our results of operations and financial condition.

Our ability to operate effectively could be impaired if we lose key personnel or if we fail to attract qualified personnel.

We are managing our business, following the Acquisition, through a number of key personnel. The loss of any of these key officers could have a material adverse effect on our operations. In addition, as business develops and expands, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel. No assurance can be given that key personnel will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future. Accordingly, if we are not able to retain these officers and/or personnel, or effectively fill vacancies created by departing key persons, our business may be impaired. The lack of key man insurance on any of these important personnel will also have an adverse effect on our financial conditions in case of the death of any of these important key personnel.

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Material weaknesses in our internal controls and financial reporting, and our lack of a CFO at Ironman with sufficient U.S. GAAP experience may limit our ability to prevent or detect financial misstatements or omissions. As a result, our financial reports may not always comply with U.S. GAAP and the Accounting Standards Codification. Any material weakness, misstatement or omission in our financial statements will negatively affect the market, and price of our stock which could result in significant loss to our investors.

None of the members of Ironman has experience managing and operating a public company and they rely in many instances on the professional experience and advice of third parties. While we are obligated to hire a qualified chief financial officer to enable us to meet our ongoing reporting obligations, we do not currently have a CFO with any significant U.S. GAAP experience for now with Ironman. Our strategy to supplement the gap in PCAOB, USGAAP, SEC reporting knowledge or experience is to use the advisory services of a big four accounting firm. Although we are actively seeking a new CFO, qualified individuals are often difficult to find, or the individual may not have all of the qualifications that we require. Therefore, we may experience "weakness" and potential problems in implementing and maintaining adequate internal controls as required under Section 404 of the Sarbanes-Oxley Act. This "weakness" also includes a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Management has identified a weakness relating to the Company not having sufficient experienced personnel with the requisite technical skills and working knowledge of the application of U.S. GAAP. Projections of any evaluation of effectiveness to future periods are also subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. This may result in significant deficiencies or material weaknesses in our internal controls, which could affect the reliability of our financial statements and prevent us from complying with SEC rules and regulations and the requirements of the Sarbanes-Oxley Act. Failure to comply or adequately comply with any laws, rules, or regulations applicable to our business may result in fines or regulatory actions, which may materially adversely affect our business, results of operation, or financial condition and could result in delays in achieving either the effectiveness of a registration statement or the development of an active and liquid trading market for our Common Stock. To the extent that the market place perceives that we do not have a strong financial staff and financial controls, the market for and price of our stock may be impaired.

China does not allow the PCAOB to inspect the working papers of the Chinese auditor.

Under the current rules in China, the PCAOB is not allowed to inspect the audit work papers of auditors in China. From the current publicly available information we believe the PCAOB is working with the Chinese authorities to resolve this issue.

There is no time frame as to when this issue will be resolved. In order to mitigate this potential issue, we have hired a firm in China to carry out the audit of HK Ironman and its subsidiary PRC Ironman under USGAAP and PCAOB Standards. In addition the principal auditor takes an active role in reviewing the work of the Chinese auditor. However, despite our efforts to set a higher standard, this issue could affect the liquidity of IGC shares, as some USA fund managers may be reluctant to invest in our shares because the PCAOB has limited jurisdiction over auditors in China.

Risks Related to Our Corporate Structure.

The PRC government may determine that HK Ironman's ownership of PRC Ironman or PRC Ironman's structure is not in compliance with applicable PRC laws, rules and regulations. If so, the relevant regulatory authorities would have broad discretion with respect to actions that could be taken in dealing with such non-compliance. Any of these actions could adversely affect our ability to manage, operate and gain the financial benefits of PRC Ironman, which would

have a material adverse impact on our business, financial condition and results of operations.

IGC is conducting business in China through its subsidiary, PRC Ironman, a Sino-Foreign Equity Joint Venture ("EJV"), which is a corporation jointly invested and incorporated by foreign companies, other economic organizations or persons and Chinese companies or other economic organizations. An EJV typically is established by joint contribution, joint operation of all parties to the joint venture, and sharing of risk, profits and losses in proportion to their respective contributions towards the registered capital.

In the opinion of Gaopeng & Partners, our PRC legal counsel, PRC Ironman's business is a foreign investment that is permitted in China. Chinese foreign investment policies classify various industries into four groups, which are encouraged, permitted, restricted and prohibited for foreign investment. Mining and processing of ferruginous sandstone and sale of refined iron powder is not in either the encouraged, restricted or prohibited groups explicitly stipulated by the Catalogue of Industries Guiding Foreign Investment, so such business is foreign investment permitted. HK Ironman entered into a share transfer agreement to purchase 95% shares of PRC Ironman from Mr. Zhang Hua and Mr. XU Jianjun in January 2011. On April 28, 2011, the Department of Commerce of Inner Mongolia Autonomous Region approved the share purchase. On the same day, HK Ironman was granted the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the People's Republic of China (Approval No. Shang Wai Zi Meng Wai Zi Shen 2011- 0023). Before the closing of the Acquisition, 95% shares of PRC Ironman was held by HK Ironman and 5% was held by Mr. Zhang Hua.

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Our PRC legal counsel that there are uncertainties regarding the interpretation and application of current and future PRC laws and regulations has advised us. If PRC Ironman were for any reason determined to be in breach of any future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such breach, including:

- imposing economic penalties:
- discontinuing or restricting the operations of PRC Ironman;
- imposing conditions or requirements with respect to HK Ironman or PRC Ironman with which HK Ironman or PRC Ironman may not be able to comply;
- requiring our company to restructure the relevant ownership structure or operations;
- taking other regulatory or enforcement actions that could adversely affect our company's business; and
- revoking the business licenses and/or the licenses or certificates of PRC Ironman.

Any of these actions could adversely affect our ability to manage, operate and gain the financial benefits of PRC Ironman, which would have a material adverse impact on our business, financial condition and results of operations.

We rely on the approval certificates and business licenses held by HK Ironman and PRC Ironman. HK Ironman and PRC Ironman's failure to renew its licenses and certificates when their terms expire with substantially similar terms as the ones it currently holds could result in our inability to operate our business.

We operate our business in China in reliance on approval certificates, business license and other requisite licenses held by HK Ironman and PRC Ironman. PRC Ironman has received a license, to operate the beneficiation plants on a specific acreage of land in Inner Mongolia through August 2018. In addition, PRC has a business license, which was amended on November 28, 2011 to reflect PRC Ironman's new ownership by HK Ironman, effective January 2011. The business license is valid through January 7, 2028. There is no assurance that HK Ironman will be able to renew its licenses and certificates in the future when their terms expire with substantially similar terms as the ones they currently hold. HK Ironman's failure to renew its licenses and certificates when their terms expire with substantially similar terms as the ones it currently holds could result in our inability to operate our business.

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 future, if our projected discounted cash flows or the recoverable value of the underlying assets 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 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.

Our subsidiaries may become involved in litigation in the future.

Our construction and aggregate contracts are subject to the jurisdiction of the Indian courts. Our iron ore contracts frequently are subject to the jurisdiction of other foreign countries. Our Chinese operations are subject to Chinese courts. The expenses of litigation and any judgments against us could have an adverse effect on us.

Risks Associated with Doing Business in India and China.

Any downgrading of China's or India's debt rating by an international rating agency, or an increase in interest rates in China or India, could adversely affect our ability to generate or use Letters of Credit.

The iron ore trading business relies heavily on Letters of Credit. Ironman is attempting to establish a record of execution that can eventually lead to back-to-back Letters of Credit, which would greatly enhance our business and help us grow rapidly. Back-to-back Letters of Credit are used primarily in international transactions, with the first Letter of Credit serving as collateral for the second. Any adverse revisions to China's or India's credit ratings for domestic and international debt by international rating agencies as well as an increase in interest rates or a tightening of credit may adversely affect our ability to finance growth through back-to-back Letters of Credit, which could lead to a decrease in our growth rate, adversely affecting our stock price.

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A change in government policy, a downturn in the global, Chinese or Indian economy or a natural disaster could adversely affect our business, financial condition, results of operations and future prospects.

IGC's and Ironman's business depends on the growth of infrastructure in Asia as well as other parts of the world and not just in India and China. However, a global recession that causes a slowdown of infrastructure spending could reduce the demand for steel and consequently iron ore adversely affecting our business, financial condition and results of operations and future prospects.

Political, economic, social and other factors in China may adversely affect business.

Our results of operations, financial condition and prospects could be adversely affected by economic, political and legal developments in China. Since the late 1970s, the Chinese government has been reforming its economic system. These policies and measures may from time to time be modified or revised. While the Chinese economy has experienced significant growth in the past 20 years, growth has been uneven across different regions and among various economic sectors of China. Furthermore, while the Chinese government has implemented various measures to encourage economic development and guide the allocation of resources, some of these measures may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to Ironman. The processing unit operated by Ironman is subject to central, provincial, local and municipal regulation and licensing in China. Compliance with such regulations and licensing can be expected to be a time-consuming, expensive process resulting in expenses which could adversely affect our margins.

Returns on investment in Chinese and Indian companies may be decreased by withholding and other taxes.

Our investment in China and India may incur tax risk unique to investment in China, India and in developing economies in general. Income that might otherwise not be subject to withholding of local income tax under normal international conventions may be subject to withholding of Chinese and/or 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 of withholding taxes may be required as part of the remittance procedure. Any withholding taxes paid by us on income from our investments in China and/or India may or may not be creditable on our income tax returns. We may also incur taxes in India on any profits that we may choose to distribute as dividends to our shareholders. We intend to avail ourselves of transfer pricing rules and minimize any Chinese and/or Indian withholding tax or local taxes. However, there is no assurance that the Chinese and/or the Indian tax authorities will always recognize such rules in its applications. Our Chinese subsidiary is held by a Hong Kong based subsidiary and our Indian subsidiaries are held by a subsidiary in Mauritius, in as effort to create a tax efficient structure.

Our industry depends on the stability of policies and the political situation in India and China and a change in policy could adversely affect our business.

The role of the Indian central and state governments in the Indian economy on producers, consumers and regulators has remained significant over the years. Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. We cannot assure you that these liberalization policies will continue under the present or under newly elected governments. Protests against privatization could slow down the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector in India, foreign investment, currency exchange rates and other matters affecting our business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby

affect our business. Similarly, the Chinese have been reforming their economic system since the 1970s. An adverse change in the overall economic growth in China or adverse changes to import laws or even an attempt by the government to curtail steel production in China may lead to an adverse impact on 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 2011 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. While India and Pakistan resumed formal peace talks, there are no guarantees that these will be successful. In addition, 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 affect our business.

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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.

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 influence our revenues and expenses.

In fiscal 2012 our operations were primarily located in India and in fiscal 2013 our operations will be in India and China. We receive payment in Indian rupees for work in India in RMB for the work in China. We report our financial statements in U.S. dollars. To the extent that there is a decrease in the exchange rate of Indian rupees relative to U.S. dollars, such a decrease could have a material impact on our operating results or financial condition.

U.S.-listed companies with business operations in China have recently come under increased scrutiny, criticism and negative publicity.

Since 2010, a number of U.S. publicly listed companies with substantial operations in China have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC and the Justice Department resulting in a loss of share value. Much of the scrutiny and negative publicity has centered around accounting weaknesses, inadequate corporate governance and, in some cases, allegations of fraud. As a result of such scrutiny and negative publicity, the stock prices of most U.S. publicly listed companies with operations in China have sharply decreased in recent months.

Because the Chinese judiciary will determine the scope and enforcement under Chinese agreements, we may be unable to enforce our rights inside and outside of China.

HK Ironman operates under the laws of Hong Kong and PRC Ironman, its subsidiary, operates under the laws of PRC. Substantially all of the assets of Ironman are located in China and the majority of its officers and directors and the experts named in this report are outside the U.S. It is therefore unlikely that service of process on either HK Ironman or PRC Ironman or their officers and directors can be obtained within the U.S. Further, it may be difficult to enforce in China a judgment obtained in the U.S. These difficulties stem from the lack of official judicial arrangements between the U.S. and China, which means that judgments of U.S. courts will not be necessarily enforced in China without review and re-litigation of the merits of their claims.

There is doubt as to the enforceability in China of actions to enforce judgments of U.S. courts arising out of or based on ownership of the securities of HK Ironman or PRC Ironman, including judgments arising out of or based on civil

liability provisions of U.S. federal or state securities laws. There is also doubt whether the Chinese courts would enforce, in original actions, judgments against HK Ironman or PRC Ironman or the persons mentioned above predicated solely based upon U.S. securities laws. Original actions may be brought in China or Hong Kong against these parties only if the actions are not required to be arbitrated by Chinese law and only if the facts alleged in the complaint give rise to a cause of action under Chinese law, in which event, a Chinese court may award monetary damages.

Risk Related to Our Securities.

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.

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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 China, 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 ("Sarbanes-Oxley Act") and new rules implemented by the SEC and the NYSE MKT (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 in India. We expect to carry out the evaluations and install improved systems and processes as required in both India and China. 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 and China who are familiar with U.S. GAAP. We have hired several competent consultants to help review our internal reporting and disclosures, and to train our Indian and Chinese staff in SEC reporting and U.S. GAAP. We do not foresee a problem other than the time required to complete the training adequately and to implement the improved processes.

Compliance with Foreign Corrupt Practices Act could adversely affect 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 of or other prohibited payments to foreign officials to obtain or retain business. While we will take precautions to educate the employees of our subsidiaries of the Foreign Corrupt Practices Act, there can be no assurance that our employees or agents of IGC or our subsidiaries will not engage in such conduct, for which we might be held responsible. We could suffer penalties that may have a material 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 authorize the issuance of up to 150,000,000 shares of Common Stock, par value $0.0001 per share and 1,000,000 shares of preferred stock, par value $0.0001 per share. Currently, there are approximately 74,003,461 authorized but unissued shares of our Common Stock available for issuance after appropriate reservation for the issuance of shares upon full exercise of our outstanding warrants and shares and options authorized for issuance under our 2008 Omnibus Incentive Plan. It is also after the reservation for conversion of all of the 1,000,000 shares of preferred stock available for issuance.

We issued an aggregate of 6,942,693 shares of our Common Stock in connection with a private placement of debt securities and exchange of previously issued debt securities for new debt securities and Common Stock in October 2009, November 2010, December 2010, February 2011, March 2011 and March 2012, and may engage in similar private placements in the future. In addition, we may from time to time sell shares in 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.

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

During the 2009 and 2010 fiscal years, we sold an aggregate $4,000,000 in private placements of debt securities and may engage in similar private placements in the future. In the current year, we have modified the terms of the debt

arrangement to extend the repayment under the agreements and as a consideration for this extension issued equity shares to the debt holders. The incurrence of this debt and any subsequent modifications to the terms 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;
- 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; and
- potentially lead to a dilution of our ownership if there are any subsequent issues of equity shares as consideration for further modifications or settlements.

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The Company has 12,972,532 warrants outstanding, the exercise of which could dilute the number of shares outstanding.

Upon the occurrence of the exercise of our outstanding warrants, the Company will receive 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. The Company in its sole discretion has the right to decrease the exercise price of the warrants.

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

We have issued warrants to purchase our Common Stock in three public offerings: our initial public offering in March 2006, a registered direct offering in September 2009 and a public offering in December 2010. In the absence of an applicable exemption, holders of warrants issued in our public offerings will be able to exercise the warrants only if a current registration statement under the Securities Act of 1933, as amended (the “Securities Act”) relating to the shares of our Common Stock underlying the warrants is then effective. Although we have undertaken in the respective warrant agreements relating to such warrants, 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 as soon as possible. We currently have an effective registration statement and all outstanding warrants are registered. In the future, if we fail to comply with our contractual obligations, we could be liable to the holders of the warrants. 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 (provided that the holders of the warrants issued in our September 2009 and December 2010 offerings are entitled to cash payments if we fail to deliver shares issuable upon exercise of the warrants in a timely fashion). 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. The warrants issued in our initial public offering that were to expire on March 3, 2011, now expire on March 8, 2013 since we exercised our right to extend the terms of those warrants. The warrants issued in our September 2009 and December 2010 offerings expire on September 18, 2012 and December 8, 2017 respectively. The outstanding warrants issued in our September 2009 and December 2010 offerings, currently exercisable for an aggregate of 1,117,410 shares of Common Stock, give the holders of such warrants the right to exercise the warrants on a cashless basis if at the time of exercise there is not an effective registration statement available for the issuance of the shares issuable upon exercise of the warrants. We would not receive any proceeds from the cashless exercise of the warrants.

With respect to any warrants sold by us in private placements pursuant to an exemption from registration requirements under the federal securities laws, the holders of the warrants sold in such private placements would 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 would not have any material restrictions with respect to the exercise of their warrants.

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. 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. In addition, to the extent that we are unable to provide timely reporting of our financial results it may further impair our ability to raise capital. 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.

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.

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If we fail to comply with the NYSE MKT (NYSE Amex) listing requirements, we could be delisted from the NYSE equities market. Any such delisting could potentially limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

If we fail to comply with the listing requirements of the NYSE MKT (former NYSE Amex), we could be delisted from the NYSE equities market. If at any time in the future, the NYSE MKT delists our securities from trading on its exchange, we could face significant adverse consequences, including a:

- limited availability of market quotations for our securities;
- determination that our Common Stock is a "penny stock" which will require brokers trading in our Common Stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our Common Stock;
- limited amount of news and analyst coverage for our company; and
- decreased ability to issue additional securities or obtain additional financing in the 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 our Common Stock were removed from listing with the NYSE MKT (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.

Risks Associated With Our Industry and Specifically the Iron Ore Business.

We are subject to numerous risks and hazards associated with the mining industry.

Our mining operations are subject to a number of risks and hazards including:

- industrial accidents;
- unusual or unexpected geologic formations;
- explosive rock failures; and
- flooding and periodic interruptions due to inclement or hazardous weather conditions.

Such risks could result in a variety of issues that could affect our operations, such as damage to or destruction of mineral properties or production facilities, environmental damage, delays in our mining operations, personal injury or death, monetary losses and possible legal liability. No assurance can be given that we will be able to avoid any or all of the hazards discussed above and any such occurrence may substantially affect our business and financial operations.

Our operations are highly susceptible to hazardous weather conditions and seasonal weather conditions.

Both India, specifically the east and west coasts where our supply chains are located, and northeastern China where Ironman's processing chain is located, potentially experience severe weather conditions. Severe weather conditions

could cause our supply chain and/or processing chain to temporarily curtail or stop operations materially affecting our quarterly results. During periods of curtailed activity due to adverse weather conditions, our operations in both countries may continue to incur operating expenses, reducing profitability. Certain weather conditions may affect mining operations. The Ironman beneficiation plant is located in a region with a typical subtropical climate characterized mainly by high precipitation and high evaporation and humid conditions. The rainy season occurs from May to August of each year, which may make the plant inaccessible or unusable during such rainy season due to flooding caused by insufficient drainage necessary to release the excess water that has accumulated. During the last rainy season there was a particularly rainy season marked by much flooding in China and a halt in business operations for several months. As such, mining operation may be interrupted due to inclement or hazardous weather conditions experienced during such rainy season.

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We may not be able to obtain necessary raw materials at competitive price and this may negatively affect our profits.

On the supply side, including procuring sufficient raw materials, we may have difficulties procuring low-grade iron ore at specific sizes at competitive prices. In the event we are unable to secure steady suppliers, it could negatively affect our profitability. The processing plant in China requires water for the wet separation. While there is currently and for the foreseeable future an adequate supply of water, any discrepancy with the supply of water could lead to curtailing operations, which could affect our profitability. Likewise, 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.

The cost of logistics and shipping between India and China may reduce our income.

Our process involves moving ore from mine heads to crushers and then to the port for shipping. We rely on third parties to provide a number of important services in connection with our business, and any disruption in these services could materially affect our business. For example, we depend on trucking companies to move the ore. A surge in demand for ore and, in general, other commodities, could increase the cost of domestic logistic affecting our profitability. Additionally, we depend on shipping agencies to move ore from India to China and an increase in the price of shipping could adversely affect our profitability.

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.

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.

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.

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.

Mining is inherently dangerous and subject to conditions or events beyond our control, and any operating hazards could have a material adverse effect on our business.

During the course of mining activities, we use dangerous materials and there is no assurance that accidents will not occur. Should we be held liable for any such accident, we may be subject to penalties, and possible criminal proceedings may be brought against us by our employees, which could have a material adverse effect on our business.

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PRC Ironman's mining operations could have material safety concerns, which may result in accidents and in turn negatively affect our revenue.

PRC Ironman's mining operations could have safety issues in its iron ore mine or beneficiation plants including, in part, inadequate natural ventilation, likelihood of flooding in the tunnels, etc. Accidents and employee's injury arising from any safety issues may cause suspension or discontinuance of our mining operation and thus negatively affect our revenue.

Mining exploitation activities are labor intensive and employ low levels of mechanization, which may result in inefficiency and impose greater safety and health hazards concern.

Ironman used rudimentary mining methods and low levels of mechanization since the beginning of its mining operation. The labor-intensive and low-mechanization mining method its uses in its mining operations results in inefficient operation. The relatively large number of mining workers exposed to dust, noise, heat and vibration caused by its mining methods may increase the possibility of accidents and health hazards.

We may suffer losses resulting from unexpected accidents.

Like other mining companies, our operations may suffer from structural issues such as unusual or unexpected geologic formations or explosive rock failures that may result in accidents that cause property damage and possible personal injuries. We can give no assurance that industry-related accidents will not occur in the future. We do not maintain flood or other property insurance covering our properties, equipment, or inventories. Any losses and/or liabilities we incur due to unexpected property damage or personal injury could have a material adverse effect on our financial condition and results of operations.

Restrictive regulation on the export of ore may adversely affect our business.

Restrictive regulation on the export of ore from India or the import of ore into China may adversely affect our profitability. India restricts the export of high quality ore to government agencies. China restricts the import of low quality ore to specific agents. In the event these regulations change and become even more restrictive, our profitability could be adversely affected.

Strikes, civil unrest, and tensions between India and China could have an impact on our business.

The supply chain for ore is heavily dependent on transportation. A strike by truck drivers could adversely affect our business. The processing plant in China is located in the province of Inner Mongolia and any civil unrest in that area, or other parts of China, could disrupt the logistics and processing chain adversely affecting our business. India and China have had their share of disputes in the past 60 years. India and China had ancient friendly ties going back to the silk route. However, beginning in the 1950s the relationship became strained largely over Tibet and issues over borders. In 1962, China attacked India along its border, coinciding with the Cuban missile crisis that preoccupied the super powers U.S., Russia and the UK. The war ended with a complete withdrawal that coincided with the arrival of the U.S. air force. However, while there can be no guarantee that hostilities may again reappear between the two countries, much has changed since the 1962 war. Both India and China are now nuclear powers, underpinning the notion of Mutually Assured Destruction, and both are strategic partners with the U.S. Both countries took part in the first ever BRIC (Brazil, Russia, India and China) Summit, in June 2011. Both countries have had thirteen rounds of border talks and the recent one in August 2011, ended with both nations discussing raising their strategic partnership to a higher level. In 2008-2009 India's largest trading partner was China followed by the U.S. and the United Arab Emirates. If hostilities between the two countries reappear, our business may be adversely affected.

Currency fluctuations may reduce our profitability.

Iron ore is traded in USD. However, the supply side, including logistics in India, is settled in Indian rupees (INR). On the other hand, the expenses for processing the ore in China are all met in RMB. Therefore, three currencies are involved in a typical trade. Fluctuations of one currency relative to the others may adversely affect our profit margins.

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Environmental regulations could adversely affect Ironman's business.

The process of digging ore from the ground is typically environmentally unfriendly as is the process of beneficiation, which uses ground water. Stricter environmental controls in India or China on the mining of ore or the processing of ore could have an adverse impact on our business, by raising additional compliance expenses. Mineral exploration and development, as well as Ironman's current mining activities and its future mineral mining operations are, and may continue to be, subject to stringent state, provincial and local laws and regulations relating to environmental quality, production, labor standards, occupational health, waste disposal, protection and remediation of the environment, mine safety, toxic substances and other matters. Mineral mining is also subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral production. Compliance with these laws and regulations will impose substantial costs on Ironman and may subject it to significant potential liabilities. Further, any changes to these regulations may increase Ironman's operating costs and may adversely affect its results of operations.

Our business 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 in IGC and our subsidiaries after the Acquisition. The loss of the services of certain key personnel, without adequate replacement, could have an adverse effect on our performance. Our senior management, as well as the senior management of our subsidiaries, plays a significant role in developing and executing the overall business plan, maintaining client relationships, proprietary processes and technology. While no one is irreplaceable, the loss of the services of any would be disruptive to our business.

A large portion of Ironman's revenue is derived from five major customers.

Five of Ironman's major customers accounted for 92%, respectively of its total revenue for the fiscal year ended December 31, 2011 and 83%, respectively, of its total revenue for the fiscal year ended December 31, 2010. We expect this trend of concentration to continue, as the buyers of iron ore tend to be large traders or steel mills. Non-renewal or/and termination of such relationship may have a material adverse effect on its revenue. No assurance can be given that following the Acquisition that it will be able to maintain such a relationship. Additionally, no assurance can be given that Ironman's business will not remain largely dependent on a limited number of customers accounting for a substantial part of our revenue.

Our quarterly revenue, operating results and profitability will vary.

Factors that may contribute to the variability of quarterly revenue, operating results or profitability include:

- Fluctuations in revenue due to seasonality such as during the monsoon season, the heavy rains slow down road building and during the summer months, the winds are not strong enough to power the wind turbines, which results in uneven revenue and operating results over the year;
- Commencement, completion and shipment during any particular quarter;
- Weather and additions and departures of key personnel; and
- Strategic decisions made by us and our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments and changes in business strategy.

Ironman faces intense competition in the Iron ore business.

Large companies in Brazil, Australia, India, and other ore producing countries dominate the iron ore business. Most of these companies are miners and export directly to the large steel mills around the world. Our strategy of sourcing low-grade inexpensive ore from India and processing it in China is fairly unique and allows us to supply steel producers at competitive prices, while maintaining margins. Ironman depends on its expertise in sourcing low cost low-grade ore and to process the ore. If Ironman is unable to offer competitive prices there could be a significant reduction in our revenue.

IGC may not be able to compete successfully for mineral rights with companies having greater financial resources than we have.

All mines have limited resources and as such, we intend to acquire additional mining operations, as part of our long-term strategy. As there is a limited supply of desirable mineral deposits in the PRC, we face strong competition for promising acquisition targets from other mining companies, some of which have greater financial resources than we have. IGC may be unable to compete with such other mining companies in making acquisitions that we deem to be complementary to our business, or to acquire such on terms that are acceptable to us.

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Ironman is a cash business, which may cause us to suffer losses from theft and other corrupt practices.

Ironman is a "cash business" which means that most transactions occur on the spot using cash rather than through order forms and payment via check, wire or credit card. Cash businesses are more susceptible to corrupt practices. As with any business that is cash intensive, the accuracy and adequacy of reporting income is highly contingent upon ownership and the owner's propensity for cash management and control. As a result, Ironman may experience a certain percentage of loss due to theft and misappropriation. To offset this, IGC will impose controls over cash collection for this cash business. The controls will include monitoring the cash balances closely, limiting the amount of cash available in vulnerable locations, using vaulted equipment to store cash properly and most importantly, migrating financial transactions toward checks and wire transfers. Failure to control the integrity of cash collection and deposits would lead to a significant reduction in our revenue.

Ironman's revenue and, therefore, our profitability, may be affected by metal price volatility.

The majority of Ironman's revenue is derived from the sale of high-grade ore. Consequently, its revenue is directly related to the price of high-grade ore. The fact that it does not conduct any hedging of the price of iron ore exposes it to increased price volatility. Iron ore is one of the biggest dry bulk commodities traded and shipped. According to the U.S. Geological Survey, Mineral Commodity Summaries, January 2012 report, the estimated world total mine production of iron ore was 2,800 million metric tons of usable ore worth $336 billion and the world total resources of iron ore content was 80,000 million metric tons of usable ore. The price (estimated from reported value of ore at mines) was $120 USD per metric ton. According to Bloomberg News, Dec 19, 2011, Iron ore prices may remain below $140 a metric ton as Chinese mills limit purchases. The growth of spot trading in this huge market presents an opportunity for banks, traders, producers and consumers to manage price risk and exposure. Trading since 2008, the iron ore swap has emerged as the leading instrument for iron ore hedging and risk management. Changes in the prices of high-grade ore and lead may adversely affect our operating results. It is difficult to predict whether high-grade ore prices will rise or fall in the future and a decline in prices could have an adverse effect on our future results of operations and financial condition.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 4336 Montgomery Avenue, Bethesda, Maryland, 20814. TBL's headquarters are located in Cochin, India and PRC Ironman's headquarters are located in Linxi, Inner Mongolia, PRC. In addition, we have offices or representatives in Mauritius, Hong Kong, Nagpur, and Chennai, India.

The Company is not involved in investments in real estate or interests in real estate, real estate mortgages, or securities of or interests in persons primarily engaged in real estate activities, as all of our land rights are used for production purposes.

Item 3. Legal Proceedings

In January 2011, one of our subsidiaries -IGC-M- initiated legal proceedings against the Sricon management requesting the Company Law Board in India to stay any transactions - such as purchase, sale or a further creation of charge on Sricon's fixed properties including land and plant and machinery - citing mismanagement of company affairs by the present management. IGC-M has also sued for recovery of the investment in Sricon and suitable

compensation thereon.

Subsequently in January 2011, the Company received a favorable order from the Company Law Board granting the requested stay. The proceedings for the recovery of investment and a suitable compensation are currently pending adjudication at the Company Law Board, Mumbai.

The Company is currently pursuing a settlement with Sricon in which it will sell its minority interest in Sricon for land in Nagpur, India.

Item 4. [Reserved.]

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

The Company consummated its initial public offering on March 8, 2006. In the initial public offering, the Company offered units for purchase. A unit in the Company is comprised of one share of common stock of the Company and two warrants to purchase one share of common stock. On April 13, 2006, there was a voluntary separation of the Company's units into shares of common stock and warrants to purchase common stock, which permitted separate trading of the common stock and warrants. The common stock, units and warrants trade on the NYSE MKT (NYSE Amex) under the symbols "IGC," "IGC.U," and "IGC.WT," respectively.

The following table sets forth, for the calendar quarter indicated, the quarterly high and low bid information of our Common Stock, warrants and units as reported on the NYSE MKT Exchange (NYSE Amex). The quotations listed below reflect inter dealer prices, without retail markup, markdown, or commission and may not necessarily represent actual transactions.

	Common Stock		Warrants		Units	
Quarter Ended	High	Low	High	Low	High	Low
March 31, 2010	$ 1.67	$ 1.17	$ 0.13	$ 0.03	$ 1.41	$ 1.20
June 30, 2010	$ 2.05	$ 0.92	$ 0.12	$ 0.03	$ 2.45	$ 1.06
September 30, 2010	$ 1.22	$ 0.58	$ 0.05	$ 0.01	$ 1.32	$ 0.85
December 31, 2010	$ 1.15	$ 0.52	$ 0.04	$ 0.00	$ 1.23	$ 0.55
March 31, 2011	$ 0.93	$ 0.30	$ 0.04	$ 0.00	$ 1.00	$ 0.62
June 30, 2011	$ 0.69	$ 0.30	$ 0.04	$ 0.02	$ 0.63	$ 0.50
September 30, 2011	$ 0.37	$ 0.17	$ 0.04	$ 0.01	$ 0.54	$ 0.17
December 31, 2011	$ 0.40	$ 0.16	$ 0.02	$ 0.01	$ 0.40	$ 0.20
March 31, 2012	$ 0.57	$ 0.23	$ 0.04	$ 0.01	$ 0.74	$ 0.22

Securities Authorized for Issuance Under Equity Compensation Plans

The following table shows, as of March 31, 2012, information regarding outstanding awards available under our compensation plans (including individual compensation arrangements) under which our equity securities may be delivered.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities available for future issuance (excluding shares in column (a))(1)

Equity compensation plans approved by security holders:			
2008 Omnibus Incentive Plan (2)	2,783,450	$ 0.78	6,161,475

(1) Consists of our 2008 Omnibus Incentive Plan, as amended. See Note 16—"Stock-Based Compensation" of the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K.
(2) Includes grants during fiscal years ended March 31, 2010 and 2012. There were no grants during fiscal year ended March 31, 2011.

Holders

Continental Stock Transfer & Trust Company is the transfer agent and registrar for our common stock. As of July 2, 2012, we had 3,970 holders of record of our common stock, 149 holders of record of our units, and 2,049 holders of record of our warrants. The number of record holders does not include persons who held our common stock in nominee or "street name" accounts through brokers.

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Dividends

We have not paid any dividends on our Common Stock to date and do not intend to pay dividends prior to the completion of a business combination. The payment of dividends in the future will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of a business combination. The payment of any dividends subsequent to a business combination will be within the discretion of our then board of directors. It is the present intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board does not anticipate declaring any dividends in the foreseeable future.

Unregistered Sales of Equity Securities

There were no unregistered securities sold by us during the fiscal year ended March 31, 2012 not previously reported on a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Issuer Purchases of Equity Securities

During the fourth quarter of our fiscal year ended March 31, 2012, the Company made no purchases of its equity securities.

Item 6. Selected Financial Data

Item 6 does not apply to us because we are a smaller reporting company.

Item 7. 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 report. Except for the historical information contained herein, the discussion in this report 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.

Forward-Looking Statements

We believe that some of the information in this report 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," "will," "should", "believes," "expects," "intends," "anticipates," "thinks," "plans," "estimates," "seeks," "pre
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. Forward-looking statements are based on certain assumptions and expectations of future events. IGC cannot guarantee that these assumptions and expectations are accurate or will be realized. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions.

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Many factors, including those discussed more fully in documents filed with the Securities and Exchange Commission, which we refer to as the SEC, by IGC, particularly under the heading “Risk Factors” in Part 1, Item 1A of this IGC’s Annual Report on Form 10-K, Form 10-Q for the quarterly periods ended June 30, 2011, September 30, 2011, and December 31, 2011, and any amendments thereto for IGC, could cause results to differ materially from those stated. 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 predict or over which we have no control. The risk factors and cautionary language discussed in this proxy statement 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:

- The growth in global and specifically Asian GDP and more specifically infrastructure and the overall demand for steel;
- Competition in the iron ore sector;
- Legislation by the government of India and the government of China;
- Labor, trucking, and other logistic issues;
- Unanticipated cash requirements to support current operations, expand our business or incur capital expenditures;
- The loss of key management or scientific personnel;
- The activities of our competitors in the industry;
- The effect of volatility of currency exchange rates;
- Enactment of new government laws, regulations, court decisions, regulatory interpretations or other initiatives that are adverse to us or our interests;
- The effect of the Stock Purchase Agreement on our business relationships (including with employees, customers and suppliers), operating results and business generally;
- Risks that the proposed transactions disrupt current business plans and operations and the potential difficulties in attracting and retaining employees as a result of the Stock Purchase Agreement; and

You should be aware that the occurrence of the events described in the “Risk Factors” section above and elsewhere in this report, 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 report. 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 report or to reflect the occurrence of unanticipated events. Any forward-looking statement made by us in this report speaks only as of the date on which we make it.

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 audited consolidated financial statements and the related notes included in this report. 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 years ended March 31, 2012 and 2011 was derived from the Company's subsidiaries, when all of the following criteria have been satisfied:

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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, the Company recognizes revenue when a government consultant verifies and certifies an invoice for payment.

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.

For the sale of goods, the timing of the transfer of substantial risks and rewards of ownership is based on the contract terms negotiated with the buyer, e.g., FOB or CIF. IGC considers the guidance provided under Staff Accounting Bulletin ("SAB") 104 in determining revenue from sales of goods. Considerations have been given to all four conditions for revenue recognition under that guidance. The four conditions are:

Contract – Persuasive evidence of our arrangement with the customers;
Delivery – Based on the terms of the contracts, the Company assesses whether the underlying goods have been delivered and therefore the risks and rewards of ownership are completely transferred;
Fixed or determinable price – The Company enters into contracts where the price for the goods being sold is fixed and not contingent upon other factors.
Collection is deemed probable – At the time of recognition of revenue, the Company makes an assessment of its ability to collect the receivable arising on the sale of the goods and determines that collection is probable.

Revenue for any sale is recognized only if all of the four conditions set forth above are met. The Company assesses these criteria at the time of each sale. In the absence of meeting any of the criteria set out above, the Company defers revenue recognition until all of the four conditions are met.

Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognized as follows:

a) 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.

b) Fixed price contracts: Contract revenue is recognized using the percentage completion method and the 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.

- In many of the fixed price contracts entered into by the Company, significant expenses are incurred in the mobilization stage in the early stages of the contract. The expenses include those that are incurred in the transportation of machinery, erection of heavy machinery, clearing of the campsite, workshop ground cost, overheads, etc. All such costs are booked to deferred expenses and written off over the period in proportion to revenues earned.

- Where the modifications of the original contract are such that they effectively add to the existing scope of the contract, the same are treated as a change orders. On the other hand, where the modifications are such that they change or add an altogether new scope, these are accounted for as a separate new contract. The Company adjusts contract revenue and costs in connection with change orders only when both, the customer and the Company with respect to both the scope and invoicing and payment terms, approve them.

- In the event of claims in our percentage of completion contracts, the additional contract revenue relating to claims is only accounted after the proper award of the claim by the competent authority. The contract claims are considered in the percentage of completion only after the proper award of the claim by the competent authority.

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

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.

Income taxes

The Company accounts for income taxes under the asset and liability method, in accordance with ASC 740, Income Taxes, which requires an entity to recognize deferred tax liabilities and assets. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the enacted tax rate expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. A valuation allowance is established and recorded when management determines that some or all of the deferred tax assets are not likely to be realized and therefore, it is necessary to reduce deferred tax assets to the amount expected to be realized.

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In evaluating a tax position for recognition, management evaluates whether it is more-likely-than-not that a position will be sustained upon examination, including resolution of related appeals or litigation processes, based on technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold, the tax position is measured and recognized in the Company's financial statements as the largest amount of tax benefit that, in management's judgment, is greater than 50% likely of being realized upon settlement. As of March 31, 2012 and 2011, there was no significant liability for income tax associated with unrecognized tax benefits.

The issuance by IGC of its Common Stock to HK Ironman stockholders in exchange for HK Ironman stock, as contemplated by the stock purchase agreement ("Stock Purchase Agreement") between the Company, HK Ironman, PRC Ironman and their stockholders, generally will not be a taxable transaction to U.S. holders for U.S. federal income tax purposes. It is expected that IGC and its stockholders will not recognize any gain or loss for U.S. federal income tax purposes.

Inventories

We provide for inventory obsolescence, excess inventory and inventories with carrying values in excess of market values based on our assessment of the future demands, market conditions and our specific inventory management procedures. If market conditions and actual demands are less favorable than our estimates, additional inventory write-downs may be required. In all cases inventory is carried at the lower of historical cost or market value.

Accounts receivable

We make estimates of the collectability of our accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness, and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Goodwill

Goodwill represents the excess cost of an acquisition over the fair value of our share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is disclosed separately. Goodwill is stated at cost less impairment losses incurred, if any.

The Company adopted the provisions of Accounting Standards Codification ("ASC") 350, "Intangibles – Goodwill and Others" (previously referred to as SFAS No. 142, "Goodwill and Other Intangible Assets"), which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. ASC 350 requires that goodwill and indefinite-lived intangible assets be allocated to the reporting unit level, which the Company defines as each subsidiary. ASC 350 also prohibits the amortization of goodwill and indefinite-lived intangible assets upon adoption, but requires that they be tested for impairment at least annually, or more frequently as warranted, at the reporting unit level.

As per ASC 350-20-35-4 through 35-19, the impairment testing of goodwill is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized in an amount equal to that excess. The loss recognized cannot exceed the

carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

In ASC 350.20.20, a reporting unit is defined as an operating segment or one level below the operating segment. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. The Company has determined that IGC operates in a single operating segment. While the CEO reviews the consolidated financial information for the purposes of decisions relating to resource allocation, the CFO, on a need basis, looks at the financial statements of the individual legal entities in India for the limited purpose of consolidation. Given the existence of discrete financial statements at an individual entity level in India, the Company believes that each of these entities constitute a separate reporting unit under a single operating segment.

Therefore, the first step in the impairment testing for goodwill is the identification of reporting units and the allocation of goodwill to these reporting units. Accordingly, TBL, which is one of the legal entities, is also considered a separate reporting unit and therefore the Company believes that the assessment of goodwill impairment at the subsidiary level, which is also a reporting unit, is appropriate.

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The analysis of fair value is based on the estimate of the recoverable value of the underlying assets. For long-lived assets such as land, the Company obtains appraisals from independent professional appraisers to determine the recoverable value. For other assets such as receivables, the recoverable value is determined based on an assessment of the collectability and any potential losses due to default by the counter parties. Unlike goodwill, long-lived assets are assessed for impairment only where there are any specific indicators for impairment.

Impairment of investment

The impairment analysis test is done based on a similar recoverable approach as used in the impairment test for goodwill described above. The fair value of land is determined based on an independent appraisal of the land held by Sricon. The recoverability of contract claims and other receivables is based on the information available with us with respect to the contract claims awarded in favor of Sricon through arbitration orders. The estimated amount of liability is based on the information available with us with respect of bank debt and other borrowings.

Impairment of long-lived assets

The Company reviews its long-lived assets, with finite lives, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings, future anticipated cash flows, business plans and material adverse changes in the economic climate, such as changes in operating environment, competitive information, impact of change in government policies, etc. For assets that the Company intends to hold for use, if the total of the expected future undiscounted cash flows produced by the assets or subsidiary company is less than the carrying amount of the assets, a loss is recognized for the difference between the fair value and carrying value of the assets. For assets the Company intends to dispose of by sale, a loss is recognized for the amount by which the estimated fair value less cost to sell is less than the carrying value of the assets. Fair value is determined based on quoted market prices, if available, or other valuation techniques including discounted future net cash flows.

Recently issued and adopted accounting pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates ("ASUs”) to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Newly issued ASUs not listed below are expected to have no impact on the Company’s consolidated financial position and results of operations, because either the ASU is not applicable or the impact is expected to be immaterial.

In January 2010, the FASB issued an amendment to the accounting standards related to the disclosures about an entity's use of fair value measurements. Under these amendments, entities will be required to provide enhanced disclosures about transfers into and out of the Level 1 (fair value determined based on quoted prices in active markets for identical assets and liabilities) and Level 2 (fair value determined based on significant other observable inputs) classifications, provide separate disclosures about purchases, sales, issuances and settlements relating to the tabular reconciliation of beginning and ending balances of the Level 3 (fair value determined based on significant unobservable inputs) classification and provide greater disaggregation for each class of assets and liabilities that use fair value measurements. Except for the detailed Level 3 roll-forward disclosures, the new standard was effective for the Company for interim and annual reporting periods beginning after December 31, 2009. The adoption of this accounting standards amendment did not have a material impact on the Company's disclosure or consolidated financial results. The requirement to provide detailed disclosures about the purchases, sales, issuances and settlements in the roll-forward activity for Level 3 fair value measurements is effective for the Company for interim and annual reporting periods beginning after December 31, 2010. The adoption of this accounting standard did not have a material impact on the Company's disclosure or consolidated financial results.

In December 2010, the FASB issued a new accounting standard, which requires that Step 2 of the goodwill impairment test be performed for reporting units whose carrying value is zero or negative. This guidance is effective for fiscal years beginning after December 15, 2010 and interim periods within those years. Our adoption of this standard did not have a material impact on the Company's disclosure or consolidated financial results.

In December 2010, the FASB issued new guidance clarifying some of the disclosure requirements related to business combinations that are material on an individual or aggregate basis. Specifically, the guidance states that, if comparative financial statements are presented, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year occurred as of the beginning of the comparable prior annual reporting period only. Additionally, the new standard expands the supplemental pro forma disclosure required by the authoritative guidance to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination in the reported pro forma revenue and earnings. This guidance became effective January 1, 2011. Our adoption of this standard did not have a material impact on the Company's disclosure or consolidated financial results. However, it may result in additional disclosures in the event that we enter into a business combination that is material on either an individual or a consolidated basis.

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In May 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-04, "Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS". This update defines fair value, clarifies a framework to measure fair value and requires specific disclosures of fair value measurements. The guidance is effective for interim and annual reporting periods beginning after January 1, 2012 and is required to be applied retrospectively. The Company does not expect adoption of this guidance to have a material impact on its financial condition or results of operations.

In June 2011, the FASB issued ASU 2011-05, which is now part of ASC 220: "Presentation of Comprehensive Income". The new guidance will require companies to present the components of net income and other comprehensive income either as one continuous statement or as two consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The standard does not change the items, which must be reported in other comprehensive income. These provisions are to be applied retrospectively and will be effective for us as of January 1, 2012. Because this guidance impacts presentation only, it will have no effect on our financial condition, results of operations or cash flows.

In December 2011, the FASB issued new accounting disclosure requirements about the nature and exposure of offsetting arrangements related to financial and derivative instruments. The requirements are effective for fiscal years beginning after January 1, 2013, which for us is the fiscal ending March 2014. The requirements will not impact our results of operations or financial position.

In September 2011, the FASB issued an Accounting Standards Update that permits companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill is impaired before performing the two-step goodwill impairment test required under current accounting standards. The guidance is effective for us beginning in the first quarter of fiscal 2013, with early adoption permitted. The adoption of this standard will not impact our financial results.

Results of Operations

Fiscal year ended March 31, 2012 compared to fiscal year ended March 31, 2011

The following table presents an overview of our results of operations for the fiscal years ended March 31, 2012 and 2011:

	Year ended March 31,			
	2012	2011 (as restated)	Change	Percentage
Revenues	4,199,551	4,073,919	125,632	3.08%
Cost of revenues	(4,817,980)	(3,914,655)	(903,325)	23.07%
Revenues less cost of revenues (excluding depreciation)	(618,429)	159,264	(777,693)	-488.30%
Selling, General and Administrative expenses	(4,702,492)	(7,283,089)	2,580,597	-35.43%
Depreciation	(996,403)	(785,066)	(211,337)	26.92%
Operating income (loss)	(6,317,324)	(7,908,891)	1,591,567	-20.12%
Interest and other financial expenses	(984,021)	(1,587,237)	603,216	-38.00%
Interest Income	267,192	262,826	4,366	1.66%
Other Income	481,485	301,182	180,303	59.86%
Loss on dilution of stake in Sricon		-		
Impairment loss – goodwill	-	(5,792,849)	5,792,849	-100%
Impairment loss – investment	(1,194,257)	(2,184,599)	990,342	-45.33%

Equity in earnings of affiliates		-		
Income before income taxes and minority interest	(7,746,925)	(16,909,568)	9,162,643	-54.19%
Income taxes benefit/(expense)	(172,828)	(4,100,225)	3,927,397	-95.78%
Income after income taxes	(7,919,753)	(21,009,793)	13,090,040	-62.30%

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Revenue - Total revenue is $ 4.12 million for the year ended March 31, 2012, as compared to $4.07 million for the year ended March 31, 2011, an increase by 3%. The iron ore mines in India were shut down for all of fiscal 2011 and fiscal 2012. The limited revenue reported is from trading of ore within India. The Government of India has indicated that it will reopen the mines in fiscal 2013 and possibly by year-end 2012. We have shut the plants in China until processes, reporting, new management, and compliance tracking are put in place. Therefore there was no revenue from the Chinese plants in the months of January through March 2012. We expect the integration of Ironman to be completed in fiscal second quarter of 2013. Once integration is completed under new management we will reopen the plants. Once the mines in India open, we will be in a position to export low-grade ore from India to China for further beneficiation at our plants in Linxi.

Cost of Revenue - Cost of revenue is exclusive of depreciation and amortization. It 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, 2012 increased by $0.9 million, compared to the year ended March 31, 2011. This increase is primarily due to revaluation of PRC Ironman inventory on account of decrease in Market price of Iron ore in china and globally.

Cost of revenue as a percentage of revenue has increased from 96% in the previous year to 115% in the current year. This increase is on account of the significant increase in the raw material prices in the current year in 'IGC MPL' and revaluation of inventory at PRC Ironman.

Revenues less cost of revenue – The difference between our revenues and cost of revenues decreased by $0.78 million or 488% to $ (0.62) million for the year ended March 31, 2012 as compared to $0.16 million for the year ended March 31, 2011. The principal reason for the decrease in the same during the year ended March 31, 2012 as compared to the previous year was due to increase in cost of revenue during the year as explained above. As a percentage of revenue, the difference between revenue and cost of revenue was 14.73% and 3.91% for the years ended March 31, 2012 and 2011, respectively. 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, allocated overhead and provisions and write-offs relating to doubtful and bad debts and advances. Selling, general and administrative expenses were $ 4.70 million for the year ended March 31, 2012 compared $7.28 million for the year ended March 31, 2011. The expenses as a proportion of revenue during the current year were 111.98% as compared to 178.77% in the previous year. The decrease as compared to previous year is due to:

- Provision relating to the receivable from one of the investee companies – Sricon in the previous year. One of the subsidiaries of the Company -TBL- had advanced a loan to Sricon to fund some of the operations. However due to certain management disputes, the Company has not recovered the receivable even though the same was due. The Company intends to pursue the collection of this receivable through appropriate legal recourse in India. However, due to the uncertainty in the timing and the quantum of collection, the Company in fiscal 2011 had provided a reserve for this receivable in the amount of $3.14 million.
- Write-off of certain bad debts that were considered to be irrecoverable amounting to $1.52 million in previous year.

Excluding the impact of the above write-offs in previous year, the selling, general, and administrative expenses as a proportion of revenue was 111.98% in the current year as compared to 64.37% in the previous year. The increase in the current year is due mainly to one time expenses related to the acquisition of Ironman. Overall in fiscal 2012, the Company took steps to reduce and realign its overheads in USA, India and China.

Depreciation – The depreciation expense was $ 1.00 million in 2012 as compared to $0.78 million in 2011. The increase is mainly on account of consolidation of H&F Ironman.

Income from operations - Loss from operations reduced from $7.91 million for the year ended March 31, 2011 to a loss of $ 6.31 million for the year ended March 31, 2012, which is a decrease of $1.60 million in losses.

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Interest and other financial expense– The interest expense for the year ended March 31, 2012 was $ 0.98 million as compared to $1.59 million for the year ended March 31, 2011. The decrease in interest expense is primarily due to repayment of notes. During fiscal 2012, not including Ironman, the Company paid off about $3,786,151of short-term borrowing, notes payable and trade payable, including one note for which the Company was paying an interest rate of 30%. Cost of capital is still a staggering expense for us. In fiscal 2012, we focused on reducing the cost of capital by eliminating loans that carry very high interest rates and are a drag on earnings. In fiscal 2011, we paid $1,394,433 in interest and we have eliminated about $800,000 in interest, which will manifest in fiscal 2013.

Interest income – The interest income for the year ended March 31, 2012 was $ 0.27 million as compared to $0.26 million for the year ended March 31, 2011. The income was derived mostly from cash that is held as deposits.

Impairment loss – investment – For the year ended March 31, 2012, the Company again conducted an impairment test of its 22% investment in Sricon. Based on a revaluation of the assets including the real estate owned by Sricon, the Company has determined that a further impairment loss amounting to $1.2 million relating to the investment in Sricon is required. The carrying value of the investment in Sricon is accordingly $5.1 million as at March 31, 2012. The carrying value as at March 31, 2012 approximates the recoverable assessed value as determined as on that date. We are in the process of settling our dispute with Sricon and expect to eliminate our ownership in Sricon in exchange for property in Nagpur.

Other income – Other income primarily consists of foreign exchange gain/(loss) arising from the restatement of the inter-company receivables, denominated in Indian rupees, regarding payables to IGC. Further during the current year, the Company has written back liabilities relating purchase consideration payable to the promoters of H&F Ironman. The purchase consideration of USD 1 million relating to the acquisition of Ironman was linked to certain committed conditions to be completed before January 31, 2012. These conditions were not consummated and accordingly, the Company has written back the liability related to this payment.

Income tax expense – We had an income tax expense of $0.17 million for the year ended March 31, 2012 as compared to $4.1 million for the year ended March 31, 2011. The income tax expense for the previous year was primarily on account of losses incurred in the previous year, which we believed would be offset against taxable profits in the future years due to the execution of the substantial orders received from China. During the previous year, considering the continued ban on import of low-grade iron ore by China and the shut down on mining and exports from Karnataka, the Company believed that the timing of the execution of the orders couldn't be projected. Therefore, from the perspective of prudence the Company provided a valuation on the entire deferred tax asset balance during the previous year resulting in the substantial income tax expense.

We however continue to expect to perform and deliver ore to our customers and earn sufficient taxable income to utilize all the deferred tax assets that we have recorded. We have not relied on any specific tax planning strategies in the recognition of the deferred tax assets.

Net loss – The Company had a loss of $7.92 million for the year ended March 31, 2012 as compared to a loss of $21.01 million for the year ended 31 March 2011. This reduction in loss was driven primarily by lesser write-offs of assets, which in turn shows the stability of receivables in the current year. We have worked very hard in fiscal 2012 to a) reduce overheads, b) reduce our cost of capital by eliminating high interest loans, c) realigning the business to focus on the iron ore business, d) reach an agreement with Sricon and e) completing the acquisition of Ironman. We believe that our over all cash expenses related to overheads and interest have been reduced dramatically in preparation for the opening of mines in India and restarting the mines in China.

Balance sheet explanations:

Goodwill- The increase in goodwill between fiscal 2011 and 2012 is attributed to the goodwill from the Ironman acquisition.

Liabilities- The Company eliminated $669,788 in short -term borrowings between fiscal 2011 and fiscal 2012. The Company also eliminated $974,818 in trade payables and $2,120,000 in Notes Payable for a total of $3,898,779. The Company's non-current liabilities increased from $1,209,479 to $4,233,978 between fiscal 2011 and 2012. The increase is primarily due to $3,000,000 of incentive based compensation that is related to the acquisition of Ironman.

Non-controlling interest- The non controlling interest is attributed to the fact that we own 77% of TBL and that HK ironman owns 95% of PRC Ironman.

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Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company results for the years ended March 31, 2012 and 2011.

As the iron ore mines in India were closed through fiscal 2012, we focused on acquisitions and strengthening our presence in India and China with respect to iron ore. The acquisition of Ironman in the third quarter of fiscal 2012 is expected to generate positive cash inflow from operations in fiscal 2013.

Our future liquidity needs will depend on, among other factors, stability of iron ore prices, demand for iron ore, construction costs, interest rates, and a continued increase in infrastructure in India and China. We believe that our current cash balances, anticipated operating cash flow in fiscal 2013, and cash from claims are adequate to sustain the Company, but not to fuel growth.

The Company has access to about INR 140 million ($2.5 million at an exchange rate of 55 INR to 1 USD) in funds that have been deposited by the National Highway Authority of India (NHAI) with the high court in Delhi against an arbitration award that was won by TBL. The amount deposited pursuant to an order by the judge of the High Court, includes principal of the award plus interest. The Company is allowed to access the amount deposited with the court immediately, but needs to make arrangements to provide a letter of credit to the high Court. The Company is working on arranging the letter of credit, which is routine, and expects to be able access the full $2.5 million.

On our balance sheet, our accounts receivables only shows the principal of the award and not the interest as the Company’s policy has been not to book any of the interest mainly because the interest is sometimes used as a negotiating tool for speeding up recovery. However, in this case we will have access to both the principal and interest pursuant to the ruling of the High Court. This amount of cash that is available to the Company plus the reduction in G&A and the elimination of interest payable is why the Company believes it has access to enough capital to sustain the Company over the next 12 months.

On our balance sheet, in addition to the existing cash balances, we have about $1.64 million in receivables and claims. We have and continue to take measures to constrain costs until we have visibility into increased liquidity and the opening of the mines in India. We continue to explore other 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 to aggressively collect our outstanding receivables and claims.

Purchasers of our Common Stock in our At-The-Market (ATM) offering after July 14, 2010 and the purchasers of our Common Stock and warrants in our December 2010 offering had rescission rights with respect to such purchases but such rights have expired.

Repatriation of funds from India requires obtaining clearances from the Reserve Bank of India (RBI). This process can take several months to complete. We have compiled all the necessary information for the application, including obtaining the Foreign Inward Remittance Certificates (FIRC) from all our banks, for all our Indian subsidiaries, and initiated the process of applying to the RBI for permission. We have retained an Indian Foreign Exchange Expert to help with the process. Once we obtain the clearances from the RBI, repatriating funds from India will become significantly easier.

As reported on a Current Report on Form 8-K filed by the Company on April 6, 2012, the Company retired a note, including interest and penalties, in the amount of $2,232,627.79. The Company projects a reduction in annual interest

costs from this loan by about $612,000. The Company paid off the loan with 4,426,304 shares of newly issued Common Stock. The Company anticipates that the elimination of this expense will be one factor in bringing the Company back to profitability in its current fiscal year, which began April 1, 2012. We calculated the WVAP to require the payment of 4,426,304 shares to the noteholder. However, the noteholder is claiming that it is entitled to 5,000,000 shares, which claim we intend to oppose vigorously. There has been no legal action filed in connection with this claim. Not including any liability that was settled by Ironman, the Company retired, in addition to the loan of $2,232,627, about $669,788 in short-term borrowings and $974,818 in trade payables for a total of $3,898,779 in loans and liability.

Off-balance Sheet Arrangements

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

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Item 7A. 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 materials and fuels 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, which exposes the Company to risks related to high prices.

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. We see limited labor risk in India or in China.

Compliance, Legal and Operational Risks

We operate under regulatory and legal obligations imposed by the Indian and Chinese 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 four countries under four different GAAP standards. 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 a negative impact on our future earnings.

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 seven and eleven 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. Our Chinese subsidiary, PRC Ironman, conducts all business in renminbi. Prices for ore are set in USD and then converted to RMB. PRC Ironman has no currency risk. However, PRC Ironman is subject to price volatility. Exchange rates have an insignificant impact on our financial results. However, as we convert from Indian rupees and renminbi to U.S. dollars and subsequently report in U.S. dollars, we may see an impact on translated revenue and earnings. Essentially, a stronger U.S. dollars decreases our reported earnings and a weakening U.S. dollars increases our reported earnings.

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In the analysis below, we have compared the reported revenue and expense numbers for Fiscal 2012 with the Fiscal 2011 based on the average exchange rate used for Fiscal 2011to highlight the impact of exchange rate changes on IGC's Indian rupee derived revenues and expenses. Expenses for China entities for the Fiscal 2012 have been retained at the average RMB rate for Fiscal 2012. There is no revenue in RMB from H&F Ironman since acquisition.

	Year ended March 31, 2012 (current exchange rate)	Year ended March 31, 2011 (previous year exchange rate)	Change	Percentage
Revenues	$ 3,985,788	$ 4,073,919	$ (88,130)	(2.16)%
Total expenses before taxes	(11,375,847)	(20,983,486)	9,607,640	(45. 79)%
	$ (7,390,058)	$ (16,909,568)	$ 9,519,509	56.30 %

Foreign Currency Translation

IGC mainly operates in India and China and a substantial portion of the Company's sales are denominated in the Indian rupee and the renminbi. As a result, changes in the relative values of the U.S. dollar and Indian rupee or the renminbi affect revenues and profits as the results are translated into U.S. dollars in the consolidated and pro forma financial statements.

The accompanying financial statements are reported in U.S. dollars. The Indian rupee and the renminbi are the functional currencies for the Company. The translation of the functional currencies into U.S. dollars is performed for assets and liabilities using the exchange rates in effect at the balance sheet date and for revenues, costs and expenses using average exchange rates prevailing during the reporting periods. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholders' equity.

The exchange rates used for translation purposes are as under:

Year	Month end Average Rate (P&L rate)	Year-end rate (Balance sheet rate)
2006-07	INR 45.11 per USD	INR 43.10 per USD
2007-08	INR 40.13 per USD	INR 40.42 per USD
2008-09	INR 46.49 per USD	INR 50.64 per USD
2009-10	INR 47.91 per USD	INR 44.95 per USD
2010-11	INR 44.75 per USD	INR 44.54 per USD
2011-12	INR 47.715/RMB6.29 per USD	INR 50.89/RMB6.30 per USD

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements and supplementary financial data are included in this annual report on Form 10-K beginning on page F-1.

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To the Board of Directors and Stockholders of India Globalization Capital, Inc. and Subsidiaries:

We have audited the accompanying consolidated balance sheets of India Globalization Capital, Inc. and its subsidiaries (the "Company") as of March 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity for each of the years in the two-year period ended March 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Company as of March 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in two-year period ended March 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Yoganandh & Ram,
Chennai, India,
Independent Auditors registered with
Public Company Accounting Oversight Board
Date: July 14, 2012

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of March 31,	
	2012	2011 (as restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 562,948	$ 1,583,284
Accounts receivable, net of allowances	1,641,868	3,312,051
Inventories	387,481	133,539
Advance taxes	41,452	41,452
Deferred income taxes	-	-
Dues from related parties	-	-
Prepaid expenses and other current assets	2,586,514	1,474,838
Total current assets	$ 5,220,263	$ 6,545,164
Goodwill	965,738	410,454
Intangible assets	3,838,090	-
Property, plant and equipment, net	8,491,796	1,231,761
Investments in affiliates	5,109,058	6,428,800
Investments-others	637,620	877,863
Deferred income taxes	(14,076)	-
Restricted cash	12,773	1,919,404
Other non-current assets	998,816	748,623
Total assets	$ 25,260,078	$ 18,162,069
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short term borrowings and current portion of long term debt	$ 210,010	$ 901,343
Trade payables	337,145	1,311,963
Accrued expenses	916,710	349,149
Notes payable	1,800,000	3,920,000
Dues to related parties	310,681	-
Deferred tax liabilities	135,980	-
Loans others	222,389	-
Other current liabilities	563,105	94,892
Total current liabilities	$ 4,496,020	$ 6,577,347
Deferred income taxes	713,897	-
Other non-current liabilities	4,233,978	1,209,479
Total liabilities	$ 9,443,895	$ 7,786,826
Shares potentially subject to rescission rights (4,868,590 shares issued and outstanding)	-	3,082,384
Stockholders' equity:		
Common stock — $0001 par value; 150,000,000 shares authorized; 60,061,737 issued and outstanding at March 31, 2012 and 14,890,181 issued and outstanding at March 31, 2011	$ 6,007	$ 1,490

Additional paid-in capital	54,821,952	38,860,319
Accumulated other comprehensive income	(2,542,453)	(2,502,596)
Retained earnings (Deficit)	(37,444,832)	(29,692,907)
Total equity attributable to the parent	$ 14,840,674	$ 6,666,306
Non-controlling interest	$ 975,509	$ 626,553
Total stockholders’ equity	15,816,183	7,292,859
Total liabilities and stockholders' equity	$ 25,260,078	$ 18,162,069

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

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

	Year ended March 31, 2012	2011 (as restated)
Revenues	$ 4,199,551	$ 4,073,919
Cost of revenues	(4,817,980)	(3,914,655)
Selling, General and Administrative expenses	(4,702,492)	(7,283,089)
Depreciation	(996,403)	(785,066)
Impairment Loss – Goodwill	-	(5,792,849)
Impairment Loss - Investment	(1,194,257)	(2,184,599)
Operating income (loss)	(7,511,581)	(15,886,339)
Interest expense	(984,021)	(1,395,433)
Amortization of debt discount/Loss on extinguishment of debt	-	(191,804)
Interest Income	267,192	262,826
Other Income	481,485	301,182
Income before income taxes and minority interest attributable to non-controlling interest	$ (7,746,925)	(16,909,568)
Earnings in income from affiliates	28,463	-
Income taxes benefit/ (expense)	(172,828)	(4,100,385)
Net income	$ (7,891,290)	(21,009,953)
Non-controlling interests in earnings of subsidiaries	139,365	769,046
Net income / (loss) attributable to common stockholders	$ (7,751,925)	$ (20,240,907)
Earnings per share attributable to common stockholders:		
Basic	$ (0.27)	$ (1.34)
Diluted	$ (0.27)	$ (1.34)
Weighted-average number of shares used in computing earnings per share amounts:		
Basic	29,089,358	15,108,920
Diluted	29,089,358	15,108,920

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

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

	Year ended March 31, 2012			Year ended March 31, 2011 (As restated)		
Particulars	IGC	Non-controlling Interest	Total	IGC	Non-controlling Interest	Total
Net income / (loss)	(7,751,925)	(139,365)	(7,891,290)	(20,240,907)	(769,046)	(21,009,953)
Foreign currency translation adjustments	(39,857)	(72,993)	(112,850)	75,809	18,758	94,567
Comprehensive income (loss	(7,791,782)	(212,358)	(8,004,140)	(20,165,098)	(750,288)	(20,915,386)

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

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Number of shares	Amount	Additional paid in capital	Accumulated income/(deficit)	Other comprehensive income	Non-controlling interest	Total
Balance at March 31, 2010	12,989,207	$ 1,300	$ 36,805,724	$ (9,452,000)	$ (2,578,405)	$ 1,376,841	$ 26,153,460
Issue of equity shares	1,900,974	190	1,761,452	-	-	-	1,761,642
Interest expense	-	-	359,820	-	-	-	359,820
Dividend Option Reversed	-	-					