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India Globalization Capital, Inc. (NYSE AMEX: IGC) provides materials and expertise to the fast growing infrastructure industry in China and India. With its proposed acquisition of H&F Ironman Limited ("HK Ironman"), which owns 95% of Linxi H&F Economic and Trade Co., Ltd. ("PRC Ironman"), located in Chifeng, China, IGC is adding US$13,525,890 in revenues and approximately US$5.9 million in net after tax earnings to its annual numbers, as well as a liquid balance sheet.

The stock, which has been trading around a year low of $0.20, has been a runaway train since the announcement. In our opinion, the reason is that most of the companies mining iron-ore are trading between two and three times revenues. Even with the shares issued for the acquisition of HK Ironman, at two and half times revenues, IGC should trade closer to $1.00. A quick search on the internet will uncover that iron ore demand is still extremely strong in China long-term, but a short term weakness has created buying opportunities on some of the world's largest producers. Once again, in our opinion, we believe IGC's strategy of "buying when everyone else is selling" is going to pay off in big returns for shareholders. We originally profiled IGC on April 15, 2010 at $1.04 before the stock moved to $2.69 on April 27, 2010. We also correctly called a price move on IGC earlier this year when we pounded the table at $0.56 on January 7, 2011 before the stock hit $1.07 on January 17, 2011, which is the current 52 week high. In our opinion, this year high could be pierced simply on the basis of IGC's market cap versus revenues.

IGC Valuation

At two and a half times revenues, IGC should be trading with a $33.8 million market cap, based on $13.5 million in revenues. If you want to factor in an additional premium for growth in China, the stock has even more compelling prospects. But we want to try to keep our numbers conservative, so we will use two and a half times revenues. Also, we are going to forget about the current business IGC has and just focus on the acquisition. Keep in mind that IGC also owns two rock aggregate quarries in India and is in the process of negotiating to build out several more. Its Techni Bharathi Limited subsidiary provides national infrastructure development for roads, tunnels, and canals in India to an impressive list of clients like the National Highway Authority of India and Indian Railroad. IGC also has a logistics subsidiary located in Nagpur, India that provides transport and delivery of ore, cement, aggregate and other infrastructure material.

IGC agreed to issue, subject to shareholder approval, 31.5 million shares of its stock to purchase HK Ironman which controls 95% of the iron ore miner, PRC Ironman. Add that to the 21 million shares outstanding and you have 52.5 million. So a $33.8 million market cap with 51.5 million shares outstanding should give us a $0.66 stock price, just on the acquisition. Factor in the rest of IGC, which has a $0.40 200-day moving average, and you can see the potential for a possible triple from these levels. I am sure there will be many who pick these numbers apart and come up with all kinds of crazy formulas to value the company, but the bottom line is we have successfully called big moves in the stock two times before.

HK Ironman and PRC Ironman

On October 14, 2011, IGC entered into a stock purchase agreement to acquire HK Ironman, which owns a 95% equity interest in PRC Ironman, located in Chifeng, China. This proposed transaction would make HK Ironman a wholly-owned subsidiary of IGC. The board of directors of IGC has determined that this acquisition is expected to enhance IGC's position in the materials business by creating a rapidly growing, profitable iron ore business.

HK Ironman was incorporated in Hong Kong as a foreign enterprise. PRC Ironman was created as a Sino-foreign equity joint venture ("EJV") established by both foreign and Chinese inves-

NYSE Amex Symbol: IGC
Current Price: $0.37
Shares Outstanding: 20.96 million
Market Cap: $7.76 million
52 Week Trading Range:
52-Week Low: $0.15
52-Week High: $1.07
Corporate Offices:
Bethesda, MD 20814
Phone: (301) 983-0998
Email:
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Website:
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IGC entered a definitive agreement to acquire PRC Ironman, an iron ore processing company, located in Chifeng, China. PRC Ironman has audited revenues of $13.5 million and approximately $5.9 million in net after tax earnings for FYE March 31, 2011 and a strong balance sheet.

PRC Ironman processes 30,000 tons of sand per day in its iron ore beneficiation plant on 2.2 square kilometers with iron ore deposits of over 3 million tons. There is enough iron ore in the sand that a magnet thrown on the ground anywhere on the property will pick up iron dust.

tors. An EJV is a business entity formed in China with foreign capital and Chinese investment partners and articles of association which are subject to the approval of the Chinese government. The EJV type of foreign investment is currently the most widely used in China. It is a limited liability company. An EJV, unlike a WOFE, is capable of buying land, hiring Chinese employees independently and constructing infrastructure and carrying out mining activity. The standard length of a EJV is 30 to 50 years. The profit sharing ratio among the EJV partners is according to their ownership, which means that IGC will be entitled to 95% of the profits generated by PRC Ironman.

HK Ironman owns a 95% equity interest in PRC Ironman, which was incorporated in China on January 8, 2008. PRC Ironman's legal representative holds the remaining 5% of the shares of PRC Ironman, as required by law governing an EJV. PRC Ironman is engaged in the processing and extraction of iron ore from sand and dirt at its beneficiation plant in Inner Mongolia, China. The beneficiation process includes crushing and separating ore into valuable substances or waste by any of a variety of techniques. PRC Ironman's beneficiation plant extracts iron ore from the sand by using dry separation process, which involves truckloads of sand being poured into a separator that employs 19 magnets. The magnets separate the sand from the iron ore. About 35 truckloads of sand are used to distill one truck load of better quality ore. PRC Ironman works on an area with reserves of over 3 million tons of iron ore worth more than $350 million at current prices. In one day PRC Ironman processes over 30,000 tons of sand through the dry separators. The ore is then processed in a wet separator, which uses recycled water to wash the sand from the dry separator. Every two truckloads of ore generally yields PRC Ironman the final product, which is 65- 67% grade iron ore. There is an excellent video of PRC Ironman's process on their website.

PRC Ironman then sells the high-grade ore to steel mills and other traders in China. Its customers are mostly traders and steel mills located around the port of Tianjin, China. PRC Ironman operates its facilities under an agreement with the local authorities that allows them to operate until August 2018. For more information on PRC Ironman, take a look at HK Ironman's website at www.hfironman.net/en/index.php.

Business in India

As the infrastructure in India is built out and modernized, the demand for basic raw materials like stone aggregate and iron ore (steel) is expected to increase. IGC offers an integrated set of services to its customers based upon several core competencies. This integrated approach provides IGC with an advantage over its competitors. These core business competencies include: A sophisticated, integrated approach to project modeling, costing, management, and monitoring; An in-depth knowledge of southern and central Indian infrastructure development; Knowledge of low cost logistics for moving commodities across long distances in specific parts of India; An in-depth knowledge of the licensing process for mines and quarries in southern and central India; Strong relationships with several important construction companies and mine operators in southern and central India.

Mining and trading

IGC's 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, is expected to produce between 690 million and 710 million metric tons in 2011. As The Wall Street Journal reported, this production is expected to be almost half of total global output. In our opinion, IGC is well positioned to provide Chinese steel mills with the iron ore needed to meet their demand. IGC's subsidiary, IGC Mining and Trading Private Limited, based in Chennai, India, is engaged in the iron ore business. The subsidiary 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's staff is experienced in delivering and managing the logistics of ore transport and its subsidiary services a customer in China by buying ore from Indian mine owners, transporting it to seaports and then subcontracting stevedores to load the ships.

Quarrying Rock Aggregate

As Indian infrastructure modernizes, the demand for raw materials like rock aggregate, iron ore and similar resources is projected to greatly increase. In 2009, according to the Freedonia Group, India was the third largest stone aggregate market in the world. The report projected that Indian demand for crushed stone will increase to 770 million metric tons in 2013 and 1.08 billion metric tons in 2018. IGC's subsidiary, IGC Materials Private Limited, is responsible for its rock aggregate production. The subsidiary currently has two quarrying agreements with two separate partners. The two quarries mined near Nagpur, a city in the state of Maharashtra, India, have approximately 10-11 million metric tons of rock aggregate or about $40,000,000 of reserves at current prices. With the production of these two quarries, IGC's subsidiary is one of the largest suppliers in the immediate area.

Infrastructure Spending

The Indian government has developed a plan to build and modernize Indian infrastructure. The Wall Street Journal reported on March 23, 2010 that the government plans to double infrastructure spending from $500 billion to $1 trillion. As a means of comparison, a recent McKinsey report says India needs to build the equivalent of Chicago every month to keep up with the demand, which obviously is impossible, but that gives you an idea of the construction activity that's needed to sustain the GDP growth that India has embarked on. The Indian government's infrastructure spending will pay for the expansion and construction of rural roads, major highways, airports, seaports, freight corridors, railroads and townships. A significant number of IGC's customers are engaged in highway and heavy construction. IGC's subsidiary Techni Bharathi Limited ("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. Because of its successful execution of contracts, TBL 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.

India's Growing Economy

The CIA 2010 World Fact Book estimated the Indian GDP to be approximately $1.1 trillion in 2009. According to the World Bank, only fourteen economies including India, Mexico and Australia generated more than $1 Trillion in GDP in 2008. According to the CIA 2010 World Fact Book, India's growth rates ranged from 6.2% to 9.6% for the past few years. The current global financial crisis created a liquidity crunch starting in October 2008, which has partially abated. The Financial Times noted that a recent Economic Survey of India projected growth at 8.5% in 2010 and 9% in 2011, second only to that of China.

India's GDP growth for the fiscal year ending March 31, 2010 was estimated to be about the same as 2009's growth rate. The stagnant GDP growth rate was caused by the global financial crisis. However, it does indicate that India has withstood the global downturn better than many nations. The factors contributing to maintaining the relatively high growth included growth in the agriculture and service industries, favorable demographic dynamics (India has a large youth population that exceeds 550 million), the savings rate, and the spending habits of the Indian middle class. Other factors that led to growth include: changing investment patterns, increasing consumerism, healthy business confidence, inflows of foreign investment (India ranks #3 in the A.T. Kearney "FDI Confidence Index" for 2010), and improvements in the Indian banking system.

To sustain India's fast 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 annual publication that for the Eleventh Plan period (2007-12), a large investment of approximately $494 billion 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 16.98%. 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 (PPP) 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.

In our opinion, since IGC participates in the growth of the infrastructure in both India and China, we believe a certain degree of economic diversification is offered. We also believe this offers investors

a significant opportunity to benefit from the rapid growth of both the Chinese and Indian economies, while maintaining the economic stability of the U.S. dollar based stock market.

Management

IGC's Board of Directors is divided into three classes (Class A, Class B and Class C) with only one class of directors being elected in each year and each class serving a three-year term. At the Annual Meeting, one director is to be elected who will serve until the annual meeting of Stockholders in 2014 and when his successor is duly elected and qualified.

Mr. Sudhakar Shenoy - Class A Director - May 2005 to the Present

Mr. Sudhakar Shenoy holds a B. Tech (Hons.) in electrical engineering from the Indian Institute of Technology and an M.S. in electrical engineering and an M.B.A. from the University of Connecticut Schools of Engineering and Business Administration, respectively. Mr. Sudhakar Shenoy has served as an IGC Director since its inception on May 25, 2005.

Since January 1981, Mr. Shenoy has been the Founder, Chairman and CEO of Information Management Consulting, Inc., a business solutions and technology provider with operations in the U.S. and in India. Mr. Shenoy is a member of the Non Resident Indian Advisory Group that advises the Prime Minister of India on strategies for attracting foreign direct investment. Mr. Shenoy was selected for the United States Presidential Trade and Development Mission to India in 1995.

In 1996, Mr. Shenoy was inducted into the University of Connecticut School of Business Alumni Hall of Fame and was recognized as a Distinguished Alumnus of the Indian Institute of Technology (IIT) in Bombay, India in 1997. Mr. Shenoy's extensive business contacts in India and his experience serving on the boards of public companies in the U.S. make him a highly effective board member.

Dr. Ranga Krishna - Chairman of the Board, Class B Director - May 2005 to the Present

Dr. Ranga Krishna has served as a non-executive Chairman of the Board since December 15, 2005 and as a director since May 25, 2005. As of June 30, 2010, he was the largest IGC shareholder. Since 1998, Dr. Krishna has served as the founder and CEO of Rising Sun Holding, LLC, a $120 million construction and land banking company located in New Jersey.

In September 1999, Dr. Krishna co-founded Fastscribe, Inc., an Internet-based medical and legal transcription company with its operations in India with more than 200 employees. He has served as a director of Fastscribe since September 1999. He is currently the Managing Partner. In February 2003, Dr. Krishna founded International Pharma Trials, Inc., a company with operations in India and more than 150 employees, which assists U.S. pharmaceutical companies performing Phase II clinical trials in India. He is currently the Chairman and CEO of that company. In April 2004, Dr. Krishna founded Global Medical Staffing Solutions, Inc., a company that recruits nurses and other medical professionals from India for U.S. hospitals. Dr. Krishna is currently serving as the Chairman and CEO of that company.

On November 7, 2008 he joined the board of TransTech Service Partners, a SPAC which initiated liquidation on May 23, 2009. Dr. Krishna is a member of several organizations, including the American Academy of Neurology and the Medical Society of the State of New York. He is also a member of the Medical Arbitration panel for the New York State Worker's Compensation Board. Dr. Krishna was trained at New York's Mount Sinai Medical Center (1991-1994) and New York University (1994-1996).

As shown above, Dr. Krishna has founded several other companies that conduct business in India and has, over the years, developed relationships with Indian government officials and Indian business leaders. In our opinion, Dr. Krishna's in-depth knowledge and long experience in both U.S. and Indian business make him an effective board member.

Mr. Ram Mukunda - Chief Executive Officer, Executive Chairman, President and Class C Director - April 2005 to the Present

Mr. Ram Mukunda, IGC's Founder, has served as IGC's Executive Chairman, Chief Executive Officer and President since inception on April 29, 2005, and was Chairman of the Board from April 29, 2005 through December 15, 2005. Since July 2010, Mr. Mukunda has been on the board of directors of the BLA Power Private Limited Board, in Mumbai, India.

From January 1990 to May 2004, Mr. Mukunda served as Founder, Chairman and Chief Executive Officer of Startec Global Communications, an international telecommunications carrier focused on providing voice over Internet protocol (VOIP) services to the emerging economies. Startec was among the first carriers to have a direct operating agreement with India for the provision of telecom services. Mr. Mukunda was responsible for the organizing, structuring and integrating a number of companies owned by Startec. Many of these companies provided strategic investments in India-based operations or provided services to India-based companies. Under Mr. Mukunda's tenure at Startec, the company made an initial public offering of its equity securities in 1997 and conducted a public high-yield debt offering in 1998.

From June 1987 to January 1990, Mr. Mukunda served as Strategic Planning Advisor at INTELSAT, a provider of satellite capacity. Mr. Mukunda serves on the Board of Visitors at the University of Maryland, School of Engineering. From 2001-2003, he was a Council Member at Harvard's Kennedy School of Government, Belfer Center of Science and International Affairs. Mr. Mukunda is the recipient of several awards, including the University of Maryland's 2001 Distinguished Engineering Alumnus Award and the 1998 Ernst & Young, LLP's Entrepreneur of the Year Award. Mr. Mukunda holds B.S. degrees in electrical engineering and mathematics, as

well as a M.S. in Engineering from the University of Maryland.

Mr. Mukunda has traveled extensively through India and has conducted business in India and China for more than 15 years. He has more than 11 years of experience managing a publicly held company, has acquired and integrated more than 15 companies, and is an engineer by training. In our opinion, his in-depth business experience in India, his knowledge of U.S. capital markets and his engineering background make him a highly effective board member.

Mr. Richard Prins - Class B Director - 2007 to Present

Mr. Richard Prins has served as an IGC Director since May 2007. Mr. Prins has more than 26 years of experience in private equity investing and investment banking. From March 1996, he was the Director of Investment Banking at Ferris, Baker, Watts, Incorporated (FBW). FBW was the lead underwriter for our IPO. FBW was sold to Royal Bank of Canada (RBC) in 2008. Mr. Prins served in a consulting role to RBC until January 2009. Today Mr. Prins serves on several boards, volunteers full time with a non-profit organization, Advancing Native Missions, and is a private investor.

Prior to FBW, from July 1988 to March 1996, Mr. Prins was Senior Vice President and Managing Director for the Investment Banking Division of Crestar Financial Corporation (SunTrust Banks). From 1993 to 1998, he was with the leveraged buy-out firm of Tuscarora Corporation. Mr. Prins has experience serving on the boards of other publicly held companies. Since February 2003, he has been on the board of Amphastar Pharmaceuticals, Inc. and since March 2010, he has been on the board of Hilbert Technologies. Mr. Richard Prins holds a B.A. degree from Colgate University (1980) and an M.B.A. from Oral Roberts University (1983).

Mr. Prins has excellent knowledge and experience with U.S. capital markets, has served on and chaired audit and compensation committees of Boards, has extensive experience in finance, accounting, and internal controls over financial reporting. He brings particularly important experience to the board, especially if IGC seeks additional financing in the U.S. capital markets. Mr. Prins has traveled in India and China. We believe his knowledge of India and China, as well as, his in-depth experience with U.S. capital markets makes him a highly effective board member.

John B. Selvaraj - Treasurer and Principal Accounting Officer

John B. Selvaraj has served as IGC's Treasurer and Principal Accounting Officer since November 27, 2006. From November 15, 1997 to August 10, 2007, Mr. Selvaraj served in various capacities with Startec, Inc., including from January 2001 to April 2006 as Vice President of Finance and Accounting where he was responsible for SEC reporting and international subsidiary consolidation. Prior to joining Startec, from July 1984 to December 1994, Mr. Selvaraj served as the Chief Financial and Administration Officer for the US office of the European Union. In 1969, Mr. Selvaraj received a BBA in Accounting from Spicer Memorial College India, and an Executive MBA, in 1993, from Averette University, Virginia. Mr. Selvaraj is a Charted Accountant (CA, 1971).

Summary

IGC has moved from construction to a materials and construction business, and of course, with the rock aggregate and the iron ore, there are also other opportunities in different materials. The addition of PRC Ironman now gives IGC the capability to complete its strategy of becoming a profitable company participating in the development of infrastructures in several fast-growing economies.

In our opinion, investors in IGC have an opportunity to participate in both China and India's growing economies. Over the next five years India has plans to construct dedicated freight corridors between Mumbai-Delhi and Ludhiana-Kolkata. Also planned is a capacity addition of 485 million MT in Major Ports, 345 million MT in Minor Ports and the modernization and redevelopment of 21 railway stations. India also plans to develop 16 million hectares through major, medium and minor irrigation works, modernize and redevelop 4 metro and 35 non-metro airports, expand 6,500 km (4,038 Miles) of Golden Quadrilateral and selected National Highways to six lanes, and construct 228,000 miles of new rural roads, while renewing and upgrading the existing 230,000 miles covering 78,304 rural habitations.

The world's largest iron ore producer, BHP Billiton, is predicting Chinese demand for its steel-making commodities. BHP's iron ore president, Ian Ashby, is predicting China's steel sector will grow by a further 50 per cent. Mr Ashby said the world's biggest miner, which plans to spend more on its iron ore business than any other commodity over the next five years, remained confident in the China story, even though it expected there could be "speed bumps" along the way.

Underpinning BHP's forecasts that demand would remain strong, Mr Ashby said China's annual steel capacity was tipped to jump from 700 million tonnes to between 1 billion tonnes and 1.1 billion tonnes. Mr. Ashby has stated "We have a continuing positive view around the modernization that's happening in China," Mr Ashby continued. "We consider that the modernization process is going to continue and perhaps the growth rate that we've seen over the past five years could reduce slightly, so the 8 or 9 per cent GDP growth that I think we've all been familiar with might click down a notch to 7 or 8 per cent GDP growth." In our opinion, there is a tremendous opportunity for a well-managed company like IGC to reward its shareholders with increasing profits from China's iron ore business.

With its recent acquisition of PRC Ironman, located in Chifeng, China, IGC is adding US$13,525,890 in revenues and approximately US$5.9 million in net after tax earnings to its annual numbers, as well as a liquid balance sheet.

We have said it before, and we will say it again, opportunities in the stock market are not always as clear as IGC. In our opinion, investors who purchase shares of this pure play on the fast-growing economies of both China and India should profit in both the long and short-term.

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