

India Globalization Capital, Inc.  
Form DEF 14A  
February 08, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**SCHEDULE 14A**  
(RULE 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a -12

**India Globalization Capital, Inc.**  
(Name of Registrant as Specified In Its Charter)

\_\_\_\_\_  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- |     |   |
|-----|---|
| (1) | Title of each class of securities to which transaction applies: Common stock, par value \$0.0001 per share  |
| (2) | Aggregate number of securities to which transaction applies: 0 shares (cash transaction)  |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): Not applicable. |

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- (4) Proposed maximum aggregate value of transaction: \$70,569,972(1)\*
- (5) Total fee paid: \$2,166.50
- p Fee paid previously with preliminary materials: \$2,166.50

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount previously paid: \_\_\_\_\_
- (2) Form, Schedule or Registration Statement No.: \_\_\_\_\_
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): Not applicable.
- (4) Date Filed: \_\_\_\_\_

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\*Based on an exchange rate of \$1.00 = INR 39.23 on November 19, 2007. Pursuant to paragraphs (c), (f)(1) and (f)(3) of Rule 457 and estimated solely for the purpose of calculating the filing fee.

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**INDIA GLOBALIZATION CAPITAL, INC.**

**4336 Montgomery Avenue  
Bethesda, MD, 20814  
(301) 983-0998**

To the Stockholders of India Globalization Capital, Inc.:

You are cordially invited to attend a special meeting of the stockholders of India Globalization Capital, Inc. (["IGC"]), with respect to the proposed transactions by IGC acting directly or indirectly through one or more newly formed affiliates (with IGC, the ["IGC Group"]). The special meeting will be held at 10.00 a.m. Eastern Time, on February 20, 2008, at the offices of Seyfarth Shaw LLP, 815 Connecticut Ave, N.W., Suite 500, Washington, D.C. 20006.

At this important meeting, you will be asked to consider and vote upon the following proposals:

- to approve the Acquisition Proposal of IGC acting directly or indirectly through one or more newly formed affiliates, consisting of the following proposed acquisitions: a) acquisition of a 63% equity interest in Sricon Infrastructure Private Limited (Sricon), b) the acquisition of convertible preference shares, and a direct equity interest in Techni Bharathi Limited (TBL) and c) the acquisition from Odeon Limited of convertible preference shares of TBL, which when converted along with the convertible preference shares purchased directly from TBL would result in IGC owning a 77% equity interest in TBL,
- to elect Sudhakar Shenoy and Suhail Nathani to IGC's board of directors to hold office as Class A directors for a period to expire at the fourth annual meeting of stockholders;
- to adopt the IGC 2008 Omnibus Incentive Plan (Stock Plan); and
- to approve any adjournments or postponements of the special meeting to a later date or dates, if necessary, for the purpose of soliciting additional proxies.

The approval of the Acquisition Proposal, the approval of the proposal to elect the director-nominees and the approval of any adjournments or postponements of this meeting are not conditioned on the approval of the other proposals listed above. However, the approval of the proposal to adopt the Stock Plan is conditioned upon the approval of the Acquisition Proposal.

The affirmative vote of a majority of the shares of common stock, issued in our initial public offering, that are present in person, or by proxy, and entitled to vote at the meeting is required to approve the Acquisition Proposal. The affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting is required to approve adoption of the Stock Plan and the adjournment proposal. To be elected as a director a nominee must receive the affirmative vote of a plurality of the shares of our common stock present in person or represented by proxy and entitled to vote at the special meeting.

Each stockholder that holds shares of the common stock issued in our initial public offering or purchased following that offering in the open market has the right to vote against the acquisition proposal and, at the same time, demand that we convert that stockholder's shares into cash equal to a pro rata portion, or approximately \$5.89 per share net of estimated taxes as of September 30, 2007 of the trust account in which a substantial portion of the net proceeds of our initial public offering is deposited. If the acquisition is not completed, then your shares will not be converted to cash at this time, even if you so elected. However, if holders of 2,260,900 or more shares of common stock issued in our initial public offering, an amount equal to 20% of the total number of shares of common stock issued in the initial public offering, vote against the acquisition and demand conversion of their shares into a pro rata portion

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of the trust account, then we will not be able to consummate the acquisition. Our units, shares of common stock and warrants are listed on the American Stock Exchange under the symbols IGC.U, IGC, and IGC.WT, respectively. The securities of Sricon and TBL are not listed or quoted on any Indian or US securities exchange.

After careful consideration of the terms and conditions of the Acquisition Proposal, our board of directors has determined that the acquisitions and the transactions contemplated thereby are fair to and in the best interests of IGC and its stockholders. **Our board of directors unanimously recommends that you vote or give instruction to vote FOR the acquisition proposal, FOR the Stock Plan proposal, FOR the election of each of the nominees to our board of directors and FOR the adjournment proposal.**

We are soliciting the enclosed proxy card on behalf of the board of directors, and we will pay all costs of preparing, assembling and mailing the proxy materials. In addition to mailing out proxy materials, our officers may solicit proxies by telephone or fax, without receiving any additional compensation for their services. We have requested brokers, banks and other fiduciaries to forward proxy materials to the beneficial owners of our stock.

Enclosed is a notice of special meeting and proxy statement containing detailed information concerning the acquisitions and the other proposals listed above. Whether or not you plan to attend the special meeting, we urge you to read this material carefully. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 21 of the proxy statement.**

**YOUR VOTE IS IMPORTANT. WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING OR NOT, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE IN THE ENVELOPE PROVIDED.**

**This proxy statement is dated February 6, 2008, and is first being mailed to IGC stockholders on or about February 8, 2008.**

I look forward to seeing you at the meeting.

Sincerely,

RAM MUKUNDA  
*Chief Executive Officer*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction, or passed upon the fairness or merits of this transaction or the adequacy or accuracy of the enclosed proxy statement. Any contrary representation is a criminal offense.

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**INDIA GLOBALIZATION CAPITAL, INC.**

**4336 Montgomery Avenue  
Bethesda, MD 20814  
(301) 983-0998**

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
To Be Held on February 20, 2008**

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**TO THE STOCKHOLDERS OF INDIA GLOBALIZATION CAPITAL, INC.:**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of India Globalization Capital, Inc. a Maryland corporation, will be held at 10:00 a.m., Eastern Time, on February 20, 2008, at the offices of Seyfarth Shaw, LLP 815 Connecticut Ave, N.W., Suite 500, Washington, D.C. 20006 for the following purposes:

- to approve the [Acquisition Proposal] of IGC acting directly or indirectly through the IGC Group, consisting of the following proposed acquisitions: a) acquisition of a 63% equity interest in Sricon Infrastructure Private Limited ([Sricon]), b) the acquisition of convertible preference shares, and a direct equity interest in Techni Bharathi Limited ([TBL]) and c) the acquisition from Odeon Limited of convertible preference shares of TBL, which when converted along with the convertible preference shares purchased directly from TBL would result in IGC owning a 77% equity interest in TBL;
- to elect Sudhakar Shenoy and Suhail Nathani to IGC's board of directors to hold office as Class A directors for a period to expire at the fourth annual meeting of stockholders;
- to adopt the IGC 2008 Omnibus Incentive Plan; and
- to approve any adjournments or postponements of the special meeting to a later date or dates, if necessary, for the purpose of soliciting additional proxies.

Our board of directors has fixed the close of business on February 4, 2008 as the date for which our stockholders are entitled to receive notice of, and to vote at, our special meeting and any adjournments or postponements thereof. Only the holders of record of our common stock on that date are entitled to have their votes counted at our special meeting and any adjournments or postponements thereof.

We will not transact any other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement by our board of directors.

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. If you are a stockholder of record of our common stock, you may

also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares.

Our board of directors unanimously recommends that you vote FOR the Acquisition Proposal, FOR the Stock Plan proposal, FOR the election of each of the nominees to our board of directors and FOR the adjournment proposal.

By Order of the Board of Directors,

RAM MUKUNDA  
*Chief Executive Officer*

Date : February 6, 2008

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**INDIA GLOBALIZATION CAPITAL, INC.**

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**PROXY STATEMENT FOR SPECIAL MEETING OF  
STOCKHOLDERS OF  
INDIA GLOBALIZATION CAPITAL, INC.**

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The board of directors of India Globalization Capital, Inc., which we call IGC, acting directly or indirectly through one or more newly formed affiliates (IGC Group), has unanimously approved the following proposed acquisitions: a) acquisition of a 63% equity interest in Sricon Infrastructure Private Limited (Sricon), b) the acquisition of convertible preference shares, and a direct equity interest in Techni Bharathi Limited (TBL) and c) the acquisition from Odeon Limited of convertible preference shares of TBL, which when converted along with the convertible preference shares purchased directly from TBL would result in IGC owning a 77% equity interest in TBL. If approved by our stockholders, we will make the Sricon and TBL related purchases pursuant to the laws of India through a wholly owned subsidiary in Mauritius. We refer to the proposed acquisitions collectively as the Acquisition Proposal.

Furthermore, our board of directors has unanimously approved the adoption of the IGC 2008 Omnibus Incentive Plan, which we refer to as the Stock Plan, the nomination of two individuals to serve on our board of directors, and a proposal to authorize the adjournment or postponement of the special meeting to a later date, if necessary to permit further solicitation of proxies.

If the Acquisition Proposal is approved, you will continue to hold the IGC securities that you currently own, unless you vote against the Acquisition Proposal and elect a cash conversion of your common stock, as described below.

IGC was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an unidentified operating business with operations in India. Sricon and TBL are infrastructure companies that specialize in road maintenance and road building, in India. Sricon also has a contract to Build Operate and Transfer (BOT) one of the highways in India. In addition, IGC, if the Acquisition Proposal is approved, will purchase a 24-megawatt wind energy farm to be built by CWEL. It is expected that CWEL will take between 9 and 12 months to build out the wind energy farm. The wind energy farm will serve as a platform for future growth and acquisitions in the alternative energy sector in India. We believe that these acquisitions will provide you with an opportunity to participate in a company with significant growth potential in the infrastructure and alternative energy sectors in India.

IGC's units, shares of common stock and warrants are listed under the symbols IGC.U, IGC, and IGC.WT on the American Stock Exchange, respectively. The securities of Sricon and TBL are not listed or quoted on any securities exchange.

As the stockholders of IGC are not receiving any consideration or exchanging any of their outstanding securities in connection with the Acquisition Proposal, and are simply being asked to vote on the matter, it is not expected that the IGC stockholders will have any tax-related issues as a result of voting on these matters. However, if you vote against the Acquisition Proposal and elect a cash conversion of your common stock into your pro-rata portion of the trust account and as a result receive cash in exchange for your common stock, there may be certain adverse tax consequences, such as realizing a gain or loss on your investment in IGC shares. **WE URGE YOU TO CONSULT YOUR OWN TAX ADVISORS REGARDING YOUR PARTICULAR TAX CONSEQUENCES.**

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This proxy statement provides you with detailed information about the Acquisition Proposal, the proposed Stock Plan, the proposed nominees for election to our board of directors, the proposed adjournment proposal and the special meeting of stockholders. We encourage you to carefully read this entire document and the documents incorporated by reference. **YOU SHOULD ALSO CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 21.**

The Acquisition Proposal cannot be completed unless: (1) at least a majority of the shares of the common stock issued in our initial public offering, present in person or by proxy and entitled to vote at the special meeting as of February 4, 2008, approve the Acquisition Proposal and (2) holders of no more than 19.99% of our publicly traded shares of common stock can vote against the transactions and exercise their right to convert their shares into a pro rata portion of the trust fund that contains substantially all of the net proceeds from both our initial public offering and our private placement. The affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting is required to approve adoption of the 2008 Stock Plan and the adjournment proposal. To be elected as a director a nominee must receive the affirmative vote of a plurality of the shares of our common stock present in person or represented by proxy and entitled to vote at the special meeting.

## IMPORTANT NOTES

As used in this proxy statement,

- "IGC," "we," "our," and "us" refers to India Globalization Capital, Inc. or its wholly owned subsidiaries;
- "IGC-M" refers to the IGC wholly owned subsidiary incorporated in Mauritius.
- "Sricon" refers to Sricon Infrastructure Private Limited;
- "TBL" refers to Techni Bharathi Limited;
- "Odeon" refers to Odeon Limited;

- "CWEL" refers to Chiranjeevi Wind Energy Limited;
- "IGC-Power" refers to a wholly-owned subsidiary of IGC that will hold the wind energy farm being acquired from CWEL; and
- "Transaction Documents" means the documents appended as Annexes A-I and such other documents as may be required in order to consummate the Acquisition Proposal.

All references to "\$" or "dollars" or USD in this proxy statement refer to United States dollars, unless otherwise indicated. The following table sets forth the average exchange rate for one U.S. dollar expressed in Indian Rupees (INR, or Rs.) for each period indicated and the exchange rate at the end of such period based upon the exchange rates for the applicable dates as reported by the website [www.x-rates.com](http://www.x-rates.com).

	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
INR Rate at end of period	43.1	44.48	43.62	43.40	47.53	48.83

On September 5, 2007, the last trading day prior to the announcement of IGC's proposed acquisitions, the exchange rate for one U.S. dollar expressed in Indian Rupees based upon the inter-bank market rates for the applicable date as reported by the website [www.x-rates.com](http://www.x-rates.com) was INR 40.81.

The U.S. dollar costs of the Acquisition Proposal as set forth herein are based on upon the inter-bank market rates of one U.S. dollar per INR 40.00.

All statements herein with respect to the percentage of the securities of a target company to be acquired are calculated based on the capitalization of the target after giving effect to the Acquisition Proposal.

## SUMMARY TERM SHEET

*While this summary term sheet describes the material terms that you should consider when evaluating the Acquisition Proposal, the proxy statement contains a more detailed description of these terms. We encourage you to read the proxy statement and the documents to which we refer in this entire proxy statement before voting your shares of IGC common stock.*

### INDIA GLOBALIZATION CAPITAL, INC. (IGC)

India Globalization Capital, Inc., or IGC, organized under the laws of the State of Maryland on April 29, 2005, was formed to be a publicly traded "blank check" vehicle for the acquisition of one or more operating businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination.

IGC has identified two sectors that it believes are fundamental to the development of India's infrastructure:

- 1) the building of high quality road, airport, seaport, railroad and other basic infrastructure, and
- 2) the production of adequate sustainable energy, and in particular renewable clean energy, to power the anticipated growth in the Indian economy.

IGC's management believes that in order for India to become one of the leading global economies of the world, as predicted, India will have to vastly improve its basic infrastructure. For example, according to the World Bank (WB) 40% of India's villages has no access to all weather roads and are often cut off during the monsoon season. In addition, according to a report by Ernst and Young (E&Y), 60% of India's population has no electricity and even major cities face power cuts. IGC has identified companies in both road building and renewable energy that provide investors with:



- 1) high projected growth rates,
- 2) valuations that management believes provide an arbitrage comparable to similar public companies in the Indian markets, and
- 3) a potential "early well-funded mover" advantage for these companies to become sector leaders, with U.S. level of corporate governance and reporting.

Pursuant to our amended and restated certificate of incorporation, if we do not effect a business combination by March 8, 2008, then, pursuant to our certificate of incorporation, our officers and directors must take all actions necessary to promptly dissolve and liquidate IGC.

The mailing address of our principal executive office is 4336 Montgomery Avenue, Bethesda, MD 20814 and our telephone number is 301-983-0998. See, "Information about IGC."

## **IGC-M**

India Globalization Capital, Mauritius, Limited (IGC-M) is a wholly-owned subsidiary of IGC. It was formed on February 19, 2007 under the laws of Mauritius as a company that will hold assets in India. The governments of India and Mauritius have a tax treaty that treats investments routed through Mauritius favorably, including favorable treatment of corporate, dividend and capital gain taxes. India also has a Bilateral Investment Protection Agreement with Mauritius (June 2000). It is expected that IGC-M will hold the shares of the companies incorporated in India. The financial statements of IGC-M will be reflected in the financial statements of the holding company IGC.

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## **INDUSTRY OF THE COMPANIES IN THE PROPOSALS, ROAD BUILDING**

### **India's road network:**

According to the World Bank, India's roads face major challenges:

- Lane capacity is insufficient and most highways are still two lanes or less.
- The national highway system in India currently carries 40% of the total traffic, but constitutes only two percent of the total road network.
- Seventy percent of India's population lives in rural areas and forty percent of villages do not have access to all weather roads and remain cut off during the monsoon season.
- Currently, only one third of routine road maintenance needs are being met.
- By the year 2011, the state and national highways will need to be widened and maintained at a cost of around \$39 billion.

The road building industry is broadly divided into three areas: maintenance, road building and Build Operate and Transfer, an approach taken by the government using a mechanism that can attract private investment as well as rapidly build out world-class roads.

The total funding gap in creating and maintaining an adequate highway system is estimated at around \$24 billion over a decade (WB). To fill the funding gap, the government has begun to encourage private investments in the form of Build Operate and Transfer of highways. BOT may also include design services to the extent that the proposed roadway requires more elaborate structures such as tunnels or bypasses. The government of India has already created a list of roads requiring an aggregate investment of between \$23 and \$24 billion that it expects to put out for bids as BOTs through the National Highway Authority India (NHAI), an organization charged with building out the national network of roads.

### **Sricon Infrastructure Private Limited**

Sricon Infrastructure Private Limited (["Sricon"]), was incorporated as a private limited company on March 3, 1997 in Nagpur, India. Its registered office is at Pragati Layout, Rajeev Nagar, Nagpur 440025. Sricon is an engineering and construction company that is engaged in the execution of civil construction and structural engineering projects, inter alia, in the design building and maintenance of roads, highways, toll booths, over passes, as well as industrial infrastructure development such as power plants, water supply systems and mining. Sricon is accredited with ISO 9001:2000 certification and its present and past clients include various Indian government organizations that are responsible for the construction and maintenance of the network of Indian roads. For more on Sricon please see ["Information about Sricon"].

### **Techni Bharathi Limited**

Techni Bharathi Limited (["TBL"]) was incorporated as a public (but not listed on the stock market) limited company on June 19, 1982 in Cochin, India. Its registered office is at 34/136A Edappally Bypass Road, Cochin, 682024, Kerala, India. TBL is an engineering and construction company that is engaged in the execution of civil construction and structural engineering projects, such as in the design and building of roads, highways, bridges, tunnels, airport runways, rail roads and dams. TBL has a regional focus in the states of Andhra Pradesh, Karnataka and Tamil Nadu. Its present and past clients include various Indian government organizations that are responsible for the construction and maintenance of the network of Indian roads. For more on TBL please see ["Information about TBL"].

## **THE ACQUISITION PROPOSAL**

### **Sricon**

IGC proposes to acquire an aggregate 63% equity interest in Sricon on a fully diluted basis for a total price of approximately \$29 million (the ["Sricon Acquisition"]) by purchasing an approximate 5% equity interest from the promoters of Sricon for about \$3 million and the remaining 58% equity interest directly from Sricon for around \$26 million, through the issuance of new Sricon shares.

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### **Summary of Sricon Agreements:**

#### *Share Subscription cum Purchase Agreement (SSPA)*

The Sricon SSPA sets out the terms and conditions for IGC's purchase of the common stock of Sricon. The agreement is incorporated by reference and summarized here:

- Sricon currently has 2,932,159 shares of issued, fully diluted common stock.
- IGC will purchase 351,840 shares from the Promoters (present owners) of Sricon for a total consideration of Indian Rupees 120,000,000 (approximately \$3.0 million and approximately \$8.53 per share).
- IGC will concurrently purchase 4,041,676 of newly issued shares from Sricon for Indian Rupees 1,030,000,000 (approximately \$25.75 million and approximately \$6.37 per share).
- At the end of the transaction Sricon will have approximately 6,973,835 shares issued and outstanding on a fully diluted basis. Of this, IGC will own about 63% or 4,393,516 shares. The promoters and management of Sricon will own the remaining shares.
- Under the terms of the SSPA, IGC has the right to execute the purchase agreement or assign the SSPA to a subsidiary. IGC expects to purchase the shares through its Mauritius subsidiary IGC-M.
- The promoters of Sricon and the management of IGC will provide customary representations and warranties to each other.

The SSPA further provides that IGC and the other stockholders of Sricon will become parties to a Share Holders Agreement (SHA). The SHA is incorporated by reference and summarized here.

- Mr. R. L. Srivastava will be the Chairman of the board for a period of five years renewable through mutual consent.

- The SHA provides for deferred contingent consideration payable to the Promoters of Sricon in the form of shares of common stock (□Earn Out Shares□) based on Sricon meeting certain earnings targets. The targets and the number of Earn Out shares are set out as follows:

<b>FY ending March 31,</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Revenue	\$ 32m	\$ 95m	\$ 175m
Earnings	\$ 5.25m	\$ 15.5m	\$ 25.0m
Earn Out shares	139,477	139,477	139,477

- If Sricon□s earnings for a given fiscal year are equal to at least 85% of such target, but are less than 100% of the target for that year, the Promoters shall receive a pro rated portion of the maximum share award for that fiscal year. If the earnings achieved in a fiscal year are less than 85% of the target, then no Earn Out Shares will be awarded.

Pursuant to an Amendment to the Share Subscription Cum Purchase Agreement, IGC has agreed to advance Indian Rupees 128,342,500 (approximately \$3,250,000 and approximately \$6.45 per share) to Sricon towards the purchase of 503,620 of the 4,041,676 Sricon shares constituting approximately 14.66% of the post issued paid up share capital of Sricon) offered pursuant to the Original Sricon SSPA.

The obligations of IGC to fund the deposit is subject to the fulfillment of certain conditions, including the following:

- The representations and warranties as provided in the Sricon SSPA remaining true and correct as of the closing of the transactions contemplated by the Amended Sricon SSPA (the □Sricon Completion□);
  - Receipt of approvals of the Sricon Board of Directors of the Amended Sricon SSPA and the transactions contemplated thereunder;
  - The performance and completion of certain agreements, obligations and conditions to be performed by Sricon and the Promoters under the Amended Sricon SSPA;

- Amendment of Sricon□s Memorandum and Articles of Association;
- The appointment of one nominee of IGC as a member of the Board of Director of Sricon by the shareholders of Sricon effective upon the completion of the funding;
- Sricon opening a new bank account with Citibank N.A.;
- Written evidence from the Promoters that Ram Mukunda has become an authorized signatory on certain existing Sricon bank accounts subject to certain undertakings by Sricon. Mr. Mukunda is to be the sole signatory on the Citibank N.A. bank account subject to certain undertakings by Sricon;
- The Promoters and Sricon providing written confirmation that (i) they have given written instructions to the banks with whom certain existing Sricon bank accounts are maintained for automatic transfer into the Citibank N.A. bank account, every month, effective April 1, 2008, of 20% of the receivables paid into certain existing Sricon bank accounts, including without limitation, the receivables due to Sricon pursuant to the Joint Venture Agreement entered into by Sricon with Hindustan Steel Works Constructions Limited; (ii) no lender or third party has any rights over funds lying to the credit of the existing Sricon bank accounts; (iii) Sricon has not entered into any agreement whereby any party other than IGC has priority over the funds in the certain existing Sricon bank accounts or the Citibank N.A. bank account; and
- Sricon obtaining a certificate from an independent accountant indicating the fair value of the Sricon shares subject to the deposit.
- The Amended Sricon Subscription Agreement provides for certain covenants of the Promoters and Sricon to take effect upon funding, including the following:

- The Promoters and Sricon shall not propose any resolution at a Sricon shareholders meeting if such resolution is not approved by the IGC nominated Director at a meeting of the Sricon Board of Directors;
- Until the Sricon Completion, the Promoters shall not transfer all or any part of their shareholdings in Sricon to any person;
- Approval of the director nominated by IGC shall be required for passing any resolution which will have the effect of changing the signatories to the existing bank accounts and the Citibank N.A. account and for opening any account with any bank;
- Where a resolution for allotment of shares in favor of IGC is proposed by an IGC nominated Sricon Director, the Promoters (if they are also Sricon Directors) shall cause the Directors nominated by them to vote in favor of the resolution;
- The Sricon shareholders shall vote to approve an amendment to the Sricon Articles of Association; and
- The Promoters shall deliver to IGC certain documents creating a pledge (the "Pledge") on 53.88% (1,579,711 shares) of Sricon's existing share capital in favor of IGC to ensure that the Promoters will fulfill their obligations under the Amended Sricon Subscription Agreement.

Pursuant to a Second Amendment to the Share Subscription Cum Purchase Agreement dated January 14, 2008, IGC and Sricon agreed that IGC may make additional advances to Sricon from time to time on the terms set forth in the original Amendment. Pursuant to the Second Amendment, IGC has advanced an additional US\$500,000 to Sricon.

## **TBL**

IGC proposes to acquire an approximately 77% equity interest in TBL for a total price of around \$12 million (the "TBL Acquisition"). IGC proposes to purchase an approximately 38.7% equity interest directly from TBL for around \$6.9 million, purchase directly from TBL a new convertible debenture that may be converted to approximately 11.3% equity interest in TBL for about \$3.13 million, and purchase a convertible preferred debenture from Odeon Limited that may be converted to an approximately 27% equity interest in TBL for \$2 million. The preceding percentages are calculated on a fully-diluted basis after giving effect to the TBL Acquisition.

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### **Summary of TBL and Odeon Agreements:**

- **TBL and Odeon Share Purchase Agreement (SPA):** The TBL and Odeon SPAs set out the terms and conditions for IGC's purchase of the common stock of TBL and the preferred convertible debenture from Odeon. The agreements are incorporated by reference and summarized here:
  - TBL currently has 4,287,500 shares of common stock issued and outstanding.
  - Odeon owns a preferred convertible debenture, which may be converted to 5,000,000 shares of common stock.
  - At closing, IGC will purchase the following:
    - 7,150,000 shares of common stock from TBL for INR 275,000,000 (approximately \$6.9 million);
    - the preferred convertible debenture from Odeon for \$2.0 million; and
    - new convertible preferred shares (CPS) from TBL for INR 125,000,000 (approximately \$3.13 million). The instrument will carry a dividend of 6% and may be converted to 2,100,000 shares of common stock.
  - In summary, at closing, there will be 18,537,500 shares issued and outstanding on a fully diluted basis. Of these, IGC will own approximately 14,250,000 shares, or approximately 77%, under the assumption that IGC elects to convert both convertible instruments.
  - Under the terms of the SPAs, IGC has the right to execute the purchase agreement or assign the SPA to a subsidiary. IGC expects to execute the purchases through its Mauritius subsidiary, IGC-M.

- The promoters of TBL and the management of IGC will provide customary representations and warranties to each other.
  - The promoters of Odeon will not provide any representations or warranties about TBL, but will provide customary warranties relating to Odeon. The agreement with Odeon has a deadline of January 31, 2008, unless extended by mutual consent. By a letter agreement dated January 8, 2008 by and among IGC, TBL, and Odeon (the "Odeon Amendment"), the parties agreed to extend the deadline for closing the transactions contemplated by the Odeon SPA until April 30, 2008 with no provision for further extensions.
- **TBL Share Holders Agreement (SHA):** The agreements are incorporated by reference and summarized here.
- Mr. V.C. Antony will be the Chairman of the board.
  - Mr. Jortin Antony (son of V. C. Antony) will be the managing director.
  - The TBL SHA provides for deferred contingent consideration payable to the Promoters of TBL in the form of shares of common stock ("TBL Earn Out Shares") based on TBL meeting certain earnings targets. The targets and the number of TBL Earn Out shares are set out as follows:

FY ending March 31,	2008	2009	2010	2011	2012
	(In millions of US dollars, except share data)				
Revenue	\$ 18.8	\$ 35.0	\$ 56.3	\$ 81.3	\$ 125.0
Earnings	\$ 2.6	\$ 4.0	\$ 5.6	\$ 8.1	\$ 12.5
TBL Earn Out shares	140,800	265,800	265,800	265,800	265,800

- If TBL's earnings for a given fiscal year are equal to at least 85% of such target, but are less than 100% of the target for that year, the Promoters shall receive a pro rated portion of the maximum share award for that fiscal year. If the earnings achieved in a fiscal year are less than 85% of the target, then no TBL Earn Out Shares will be awarded.

Pursuant to an Amendment to the TBL SPA (the "Amended TBL SPA"), IGC has agreed to advance (the "TBL Advance") Indian Rupees 105,598,500 (approximately \$2,670,000 and approximately \$6.45 per share) to TBL towards the purchase of 2,745,671 of the 7,150,000 TBL shares constituting approximately 39.04% of the post issued paid up share capital of TBL) offered pursuant to the Original TBL SSPA.

The obligations of IGC to fund the deposit is subject to the fulfillment of certain conditions , including the following:

- The representations and warranties as provided in the TBL SPA remaining true and correct as of the consummation of the transactions contemplated by the Amended TBL SPA (the "TBL Completion");
  - Receipt of approvals of the TBL Board of Directors of the Amended TBL SPA and the transactions contemplated thereunder;
  - The performance and completion of certain agreements, obligations and conditions to be performed by TBL and the Promoters under the Amended TBL SPA;
  - Amendment of TBL's Articles of Association;
  - The appointment of one nominee of IGC as a member of the Board of Director of TBL by the shareholders of TBL effective upon the completion of the funding;
  - TBL opening a new bank account with Citibank N.A;
  - Written evidence from the Promoters that Ram Mukunda and an IGC nominee have become, in addition to the existing signatories, authorized signatories on certain existing TBL bank accounts subject to certain undertakings by TBL. Mr. Mukunda and the IGC nominee are to be the exclusive signatories on the Citibank N.A. account subject to certain undertakings by TBL;

- The Promoters and TBL providing written confirmation that (i) TBL receivables are free of encumbrances; (ii) no lender or third party has any rights over the TBL receivables, (iii) TBL receivables are credited to the Citibank N.A. bank account; (iv) TBL receivables are free to be utilized as contemplated under the Amended TBL Subscription Agreement; (v) TBL receivables are not subject to any agreement whereby any party other than IGC has priority over the receivables; and (vi) except for certain existing TBL bank accounts, TBL does not maintain any other bank accounts;
  - TBL obtaining a certificate from an independent accountant indicating the fair value of the TBL shares subject to the deposit.
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- Promoters obtaining receipt of certain consents and certificates on behalf of TBL;
  - Promoters and TBL undertaking to utilize the deposit for certain purposes as set forth in the Amended TBL Subscription Agreement and to provide details at weekly intervals;
  - Promoters and TBL confirming that except for SAAG RR Infra Limited (["SAAG"]) and Odeon, the TBL Board of Directors does not recognize any other ["investors"] (as identified in the TBL Articles of Association) and no persons other than SAAG and Odeon have been granted special rights or privileges at meetings of the TBL Board of Directors or the TBL shareholders;
  - Promoters causing TBL to recognize IGC as an ["investor"] under its Articles of Association;
  - Promoters causing TBL to execute the necessary forms to enable the refund of the TBL Advance to IGC if the conditions precedent to the Original TBL Subscription Agreement are not satisfied;
  - Promoters transferring 10 equity shares of TBL to Mr. Sujjain Talwar or any other person nominated by IGC at a price to be determined by IGC;
  - Promoters and TBL obtaining a letter from SAAG confirming that SAAG will not exercise its right to subscribe for TBL securities and will release TBL from all claims upon receipt of repayment of a certain loan; and
  - Promoters delivering to IGC a non-objection certificate.

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The Amended TBL Subscription Agreement provides for certain covenants of the Promoters and TBL to take effect upon funding, including the following:

- The Promoters and TBL shall not propose any resolution at a TBL shareholders meeting if such resolution is not approved by the IGC nominated Director at a meeting of the TBL Board of Directors;
- Until the TBL Completion, the Promoters shall not transfer all or any part of their shareholdings in TBL to any person;
- Where a resolution for allotment of shares in favor of IGC is proposed by an IGC nominated TBL Director, the Promoters (if they are also TBL Directors) shall cause the Directors nominated by them to vote in favor of the resolution;
- The TBL shareholders shall vote to approve an amendment to the TBL Articles of Association; and;
- The Promoters shall deliver to IGC certain documents creating a pledge (the ["Pledge"]) on 100% (4,287,500 shares) of TBL's share capital in favor of IGC to ensure that the Promoters will fulfill their obligations under the Amended TBL Subscription Agreement.

The Odeon Amendment added a further condition to the closing of the transactions contemplated by the Odeon SPA: TBL must use a portion of the proceeds from the transactions contemplated by the TBL SPA to repay certain obligations owed by TBL to SAAG.

#### **SATISFACTION OF 80% TEST**

Our initial target business or businesses must have an aggregate fair market value equal to at least 80% of our net assets at the time of the business combination. As the fair market value of the equity shares of Sricon acquired in the Sricon Acquisition and the fair market value of the equity shares of TBL acquired in the TBL Acquisition will individually constitute less than 80% of the net assets of IGC at the time of the Sricon Acquisition

and the TBL Acquisition, IGC will be required to simultaneously close on both the Sricon Acquisition and the TBL Acquisition because the fair market value of what is acquired in the Sricon Acquisition and the TBL Acquisition, is, in the aggregate at least 80% of the net assets of IGC at the time of the acquisitions.

## **THE SPECIAL MEETING**

### **SPECIAL MEETING OF IGC'S STOCKHOLDERS**

The special meeting of the stockholders of IGC will be held at 10:00 a.m., Eastern Time, on February 20, 2008, at the offices of Seyfarth Shaw, LLP, 815 Connecticut Avenue, N.W., Suite 500, Washington, D.C. 20006-4004. There will be a vote on the 1) Acquisition Proposal, 2) the 2008 Stock Plan and 3) the election of two directors to the board of IGC and 4) the Adjournment Proposal.

### **VOTING POWER; RECORD DATE**

You will be entitled to vote or direct votes to be cast at the special meeting if you owned shares of IGC common stock at the close of business on February 4, 2008, which is the record date for the special meeting. You will have one vote for each share of IGC common stock you owned at the close of business on the record date. At the close of business on the record date, there were 13,974,500 shares of IGC common stock outstanding and entitled to vote at the special meeting, of which 2,500,000 shares are held by insiders of IGC. The shares of common stock held by the insiders will automatically vote with the majority of votes cast by the public stockholders at the meeting.

### **VOTE REQUIRED TO APPROVE THE ACQUISITION PROPOSAL**

The approval of the Acquisition Proposal will require the affirmative vote of a majority of the shares of our common stock issued in our initial public offering that are present in person or by proxy and entitled to vote at the meeting. However, we will not be able to complete the Acquisition if the holders of 2,260,900 or more shares of common stock issued in our initial public offering, an amount equal to 20% of those shares, vote against the Acquisition and demand that we convert their shares into a pro rata portion of the trust account in which a substantial

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portion of the net proceeds of our initial public offering are held. Approval of the Acquisition Proposal is not conditioned upon the approval of the Employee Stock Option Plan Proposal, the Election of Directors Proposal or the Adjournment Proposal.

### **VOTE REQUIRED TO APPROVE THE 2008 EMPLOYEE STOCK OPTION PLAN PROPOSAL**

The approval of the 2008 Stock Option Plan Proposal will require the affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting. Approval of the Stock Plan Proposal is conditioned upon the approval of the Acquisition Proposal, but is not conditioned upon the approval of any other proposal.

### **VOTE REQUIRED TO APPROVE THE ELECTION OF DIRECTORS**

The election of the proposed directors will require the affirmative vote of a plurality of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting. Election of the directors is not conditioned upon the approval of the Acquisition Proposal, the Stock Plan or the Adjournment Proposal.

### **VOTE REQUIRED TO APPROVE THE ADJOURNMENT PROPOSAL**

The approval of the Adjournment Proposal will require the affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting. Approval of the Adjournment Proposal is not conditioned upon the approval of the Acquisition Proposal, the Stock Plan

Proposal or the Election of Directors Proposal.

## **CONVERSION RIGHTS**

Pursuant to our certificate of incorporation, a holder of shares of IGC's common stock issued in our initial public offering may, if the stockholder votes against the Acquisition Proposal, demand that we convert such shares into cash. This demand must be made in writing to IGC or its proxy solicitor and must be received by IGC or its proxy solicitor prior to or at the special meeting. If properly demanded, we will convert each share of common stock into a pro rata portion of the trust account in which a substantial portion of the net proceeds of our initial public offering are held (approximately \$5.89 per share net of estimated taxes), plus all interest earned thereon. If you exercise your conversion rights, then you will be exchanging your shares of IGC common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares if you continue to hold these shares through the effective time of the Acquisition and then tender your stock certificate to IGC. If the transactions contemplated by the Acquisition Proposal are not completed, then these shares will not be converted into cash at this time. Shares that are not voted or are broker non-voted or where the stockholder abstains from voting shall not in any event be eligible to be converted into cash upon completion of the transactions contemplated by the Acquisition Proposal. The transactions contemplated by the Acquisition Proposal will not be consummated if the holders of 20% or more of the shares of common stock issued in IGC's initial public offering exercise their conversion rights.

## **APPRAISAL OR DISSENTERS RIGHTS**

No appraisal rights are available under the Maryland General Corporation Law for our stockholders in connection with the Acquisition Proposal.

## **PROXIES**

Proxies may be solicited by mail, telephone or in person. We have retained Morrow & Co. for an estimated fee of \$27,500, plus out of pocket expenses, to assist in distributing proxy materials and soliciting proxies.

If you grant a proxy, you may still vote your shares in person if you revoke your proxy before the special meeting.

## **BENEFICIAL OWNERSHIP OF SECURITIES.**

The following table sets forth information regarding the beneficial ownership of our common stock as of February 4, 2008 by:

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- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;
  - each of our executive officers, directors and our special advisors; and
  - all of our officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the stockholder has sole or shared voting or investment power. It also includes shares of common stock that the stockholder has a right to acquire within 60 days through the exercise of any option, warrant or other right. The percentage ownership of the outstanding common stock, which is based upon 13,974,500 shares of common stock outstanding as of October 15, 2007, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of our common stock.



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Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner (1)	Number of Shares of Common Stock Owned (2)	Percent of Common Stock Owned
Ranga Krishna	350,000(3)	2.5%
Ram Mukunda	1,675,000(4)	11.99%
Sudhakar Shenoy	50,000	*
Suhail Nathani	50,000	*
Larry Pressler	25,000	*
P.G. Kakodkar	12,500	*
Shakti Sinha	12,500	*
Dr. Prabuddha Ganguli	12,500	*
Dr. Anil K. Gupta	25,000	*
The Baupost Group, L.L.C.	1,066,800(5)	7.6%
Fir Tree, Inc.	1,383,000(6)	9.9%
HBK Investments L.P.	1,075,695(7)	7.7%
D.B. Zwirn & Co., L.P	1,485,404(8)	10.63%
Andrew M. Weiss, Ph.D	1,031,100(9)	7.38%
Executive officers and directors (4 persons)	2,125,000	15.21%

\* Less than 1%

(1) Unless otherwise noted, the business address of each of the following is 4336 Montgomery Avenue, Bethesda, Maryland, 20814.

(2) Unless otherwise noted, the nature of the ownership is common stock of the Company.

(3) Excludes 446,226 shares issuable to Dr. Krishna within 10 days after the consummation of the Acquisition Proposal pursuant to the terms of a loan from Dr. Krishna to the Company described below.

(4) Includes 425,000 shares owned by Mr. Mukunda's wife, Parveen Mukunda.

(5) Based on a Schedule 13G jointly filed with the SEC on February 13, 2007 by The Baupost Group, L.L.C. (Baupost), SAK Corporation and Seth A. Klarman. SAK Corporation is the Manager of Baupost, a registered investment adviser. Seth A. Klarman, as the sole Director of SAK Corporation and a controlling person of Baupost, may be deemed to have beneficial ownership of the securities beneficially owned by Baupost. The securities reported as being beneficially owned by Baupost include securities purchased on behalf of various investment limited partnerships. The address for each of the foregoing parties is 10 St. James Avenue, Suite 2000, Boston, Massachusetts 02116.

- (6) Based on an amended Schedule 13G jointly filed with the SEC on February 14, 2007 by Sapling, LLC (["Sapling"]), Fir Tree Recovery Master Fund, L.P. (["Fir Tree Recovery"]) and Fir Tree, Inc. (["Fir Tree"]). Fir Tree is the investment manager of Sapling and Fir Tree Recovery. As disclosed in the amended Schedule 13G, Sapling and Fir Tree Recovery are the beneficial owners of 969,378 shares of common stock (6.9%) and 413,622 shares of common stock (3%), respectively. Fir Tree may be deemed to beneficially own all of the shares held by Sapling and Fir Tree Recovery (1,383,000 shares) as a result of being the investment manager of Sapling and Fir Tree Recovery. The address for each of the foregoing parties is 4336 Montgomery Avenue, Bethesda, Maryland 20814.
- (7) Based on a Schedule 13G jointly filed with the SEC on June 15, 2007 by HBK Investments L.P., HBK Services LLC, HBK Partners II L.P., HBK Management LLC, and HBK Master Fund L.P. (collectively, ["HBK"]). The address for HBK is 300 Crescent Court, Suite 799, Dallas, Texas 75201.
- (8) Based on an amended Schedule 13G jointly filed with the SEC on October 15, 2007 by D.B. Zwirn & Co., L.P., D.B. Zwirn Special Opportunities Fund, Ltd., D.B. Zwirn Special Opportunities Fund, L.P., DBZ GP, LLC, Zwirn Holdings, LLC, and Daniel B. Zwirn, each of which may be deemed the beneficial owner of (i) 582,286 shares of common stock (4.17%) owned by D.B. Zwirn Special Opportunities Fund, L.P. and (ii) 903,118 shares of common stock (6.46%) owned by D.B. Zwirn Special Opportunities Fund, Ltd. (each entity referred to in (i) through (iii) is herein referred to as a ["Fund"] and, collectively, as the ["Funds"]). D.B. Zwirn & Co., L.P. is the manager of each of the Funds, and consequently has voting control and investment discretion over the common stock held by each of the Funds. Daniel B. Zwirn is the managing member of and thereby controls, Zwirn Holdings, LLC, which in turn is the managing member of and thereby controls D.B. Zwirn & Co., L.P. The address of each of D.B. Zwirn & Co., L.P., DBZ GP, LLC, Zwirn Holdings, LLC, and Daniel B. Zwirn is 745 Fifth Avenue, 18th Floor, New York, NY 10151.
- (9) Based on a Schedule 13G jointly filed with the SEC on August 20, 2007 by Weiss Asset Management LLC, Weiss Capital, LLC and Andrew M. Weiss Ph. D., each of which may be deemed the beneficial owner of (i) 299,668 shares of common stock (2.14%) owned by Weiss Capital, LLC and (ii) 731,432 shares of common stock (5.23%) owned by Weiss Asset Management LLC (each entity referred to in (i) through (ii) is herein referred to as a ["Fund"] and, collectively, as the ["Funds"]). Andrew M. Weiss Ph. D. is the managing member of each of the Funds, and consequently has voting control and investment discretion over the common stock held by each of the Funds. The address of each of Weiss Asset Management LLC, Weiss Capital, LLC and Andrew M. Weiss Ph. D. is 29 Commonwealth Avenue, 10th Floor, Boston, Massachusetts 02116.

Messrs. Mukunda and Krishna may be deemed our ["parent," "founder"] and ["promoter,"] as these terms are defined under the Federal securities laws.

#### **OUR BOARD OF DIRECTORS' RECOMMENDATION**

After careful consideration, our board of directors has determined unanimously that the Acquisition Proposal is fair to, and in the best interests of, our stockholders and us. Our board of directors did not obtain a fairness opinion in making this determination. The board determined that, in light of the likely cost, IGC's existing cash resources and the board's belief that the extensive resources devoted to evaluating and conducting due diligence of all our acquisition candidates, including IGC's directors, personnel at Ferris, Baker Watts, Incorporated and other professionals that IGC hired for due diligence, including investment banks and India-based legal and accounting professionals had the skill and experience to properly evaluate the fairness of the Acquisition Proposal and that IGC's assets should not be used to pay for a formal fairness opinion.

Our board of directors has unanimously approved the Acquisition, the adoption of the Employee Stock Option Plan, the nominations of Mr. Sudhakar Shenoy and Mr. Suhail Nathani and the proposal to allow the adjournment of the special meeting, and unanimously recommends that you vote or instruct your vote to be cast FOR the approval of the Acquisition Proposal, FOR the approval of the Employee Stock Option Plan Proposal, and FOR the election of Mr. Shenoy and Mr. Nathani and FOR the approval of the Adjournment Proposal.

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## INTERESTS OF OUR DIRECTORS AND OFFICERS IN THE ACQUISITION

When you consider the recommendation of our board of directors that you vote in favor of adoption of the Acquisition Proposal, you should keep in mind that certain of our directors and officers have interests in the Acquisition that are different from, or in addition to, your interest as a stockholder. These interests include, among other things, that if the Acquisition is not approved, and we are required to liquidate, the stock held by our executives and directors will be worthless as will the nominal number of units they acquired prior to our initial public offering, because these shares will not participate in any distribution of the assets held in our trust fund. As of the record date, our executives and directors owned a total of 2,125,000 shares of our common stock and 170,000 of our Units. Ranga Krishna, our Chairman of the Board, is further entitled to receive 446,226 shares of our common stock if we consummate the Acquisition under the terms of a \$4,300,000 loan made by Dr. Krishna to us, which loan shall be due and payable 10 days after the completion of the Acquisition. In addition, we anticipate that following the completion of the Acquisition, Dr. Krishna will continue to serve as the chairman of our board of directors, Ram Mukunda will serve as the executive chairman, president and chief executive officer, Richard Prins will remain on our board of directors and Sudhakar Shenoy and Suhail Nathani will serve as directors, if elected.

## CONDITIONS TO THE COMPLETION OF THE ACQUISITION

The following are the conditions to each party's obligation from the agreements:

- No governmental entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and that has the effect of making the acquisition illegal or otherwise prohibiting consummation of the acquisition substantially on the terms contemplated by the Share Holders and Purchase Agreement.
- The IGC stockholders shall have approved the transactions outlined in the Acquisition Proposal and holders of 20% or more of the shares common stock of IGC issued in IGC's initial public offering and outstanding immediately before the closing shall not have exercised their rights to convert their shares into a pro rata share of the trust fund.
- Sricon and TBL and their stockholders must have performed in all material respects all obligations that are to be performed by each of them under the Share Holders and Purchase Agreements.
- IGC, Sricon, TBL and Odeon's respective representations and warranties must be true and correct in all material respects as of the date of completion of the acquisition.
- No action, suit or proceeding shall exist that is reasonably likely to prevent the acquisition or cause rescission of the acquisition following closing.
- IGC shall have obtained all consents, waivers, permits and approvals required in connection with the consummation of the acquisition if failure to obtain the same would be reasonably expected to cause a material adverse effect.
- There must not have occurred, since the date of the respective SPAs, any material adverse effect on IGC, Sricon or TBL.
- Sricon and TBL must have provided to IGC (i) the stockholder list of Sricon and TBL (indicating the category of equity participation of residents and non-resident Indians) after the proposed acquisition of Shares by IGC; and (ii) a certificate from a chartered accountant indicating the fair value of the Shares calculated in accordance with the Guidelines for Valuation of Shares and Fixation of Premia (Indian Pricing Guidelines).
- The current stockholders of Sricon and TBL must have obtained written consents from all banks, financial institutions, lenders to Sricon and TBL as may be required for change in shareholding of Sricon and TBL.

in form and substance satisfactory to IGC.

- Sricon and TBL must have provided details of the bank accounts of Sricon and TBL maintained with the authorized dealer to IGC.

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- Each of IGC's, Sricon's and TBL's obligations to effect the acquisition is subject to the satisfaction of specified conditions before completion of the Acquisition.
- Odeon's obligations to effect the acquisition are subject to the payment by TBL of certain obligations owed to SAAG.

#### **TERMINATION**

- All or part of each of the SSPA and SPAs may be terminated at any time prior to the consummation of the Acquisition, whether before or after receipt of the IGC stockholder approval, by mutual written consent of IGC on the one hand and each of Sricon, TBL, Odeon, and Promoters, as the case may be on the other hand.
- The Odeon SPA will terminate on April 30, 2008.

#### **OFFICERS AND DIRECTORS AFTER THE ACQUISITION**

##### **IGC**

- Ranga Krishna, our chairman, will remain as the chairman of IGC.
- Ram Mukunda will be the executive chairman, chief executive officer and president.
- Richard Prins will remain as a director on the board.
- Sudhakar Shenoy and Suhail Nathani, if elected, will remain as directors on the board.

##### **Sricon**

- Ravindra Lal Srivastava will remain as the chairman and managing director.
- Sankataprasad Srivastava (brother of R. L. Srivastava) will remain as a director.
- Indravatidevi Srivastava (wife of R.L. Srivastava) will remain as a director.
- Ram Mukunda, who is currently the chief executive officer of IGC, will be elected to the board of Sricon.
- Richard Prins, who is a director on the board of IGC, will be elected to the board of Sricon.

##### **TBL**

- Velankalathil Chandy Antony will remain as the chairman.
- Jortin Antony (son of V.C. Antony) will remain as the managing director.
- George Thomas will remain as a director.
- Ram Mukunda, who is currently the chief executive officer of IGC, will be elected to the board of TBL.
- Richard Prins, who is a director on the board of IGC, will be elected to the board of TBL.

#### **REGULATORY MATTERS:**

The Acquisition and related transactions are not subject to any federal or state regulatory requirements or approvals, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act).

#### **MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION**

It is expected that IGC and its stockholders will not recognize any gain or loss as a result of the approval of the Acquisition Proposal for U.S. federal income tax purposes.

**ENFORCEABILITY OF CIVIL LIABILITIES AGAINST NON-U.S. PERSONS**

Odeon is incorporated in Mauritius. Sricon and TBL are incorporated under the laws of India and operate only in India. Substantially all of the assets of Sricon and TBL will be located in India and the majority of its officers and directors and the experts named in this proxy statement are outside the United States. Although India and the United States are signatories to the 1965 Hague Convention on the Service Abroad of Judicial and Extra Judicial Documents in Civil and Commercial Matters, service under this treaty is cumbersome and time consuming, and may result in inadequate notice, so that any judgment based on that service may be reopened, re-litigated and overturned. It is therefore unlikely that service of process upon Sricon and TBL, their officers and directors, assets and experts will be obtainable within the United States, and it may be difficult to enforce outside the United States a judgment obtained in the United States in an action against one or more of them. These difficulties stem from the lack of official judicial arrangements between the United States and India, which means that judgments of United States courts may not be enforced in India without review and re-litigation of the merits of their claims.

There is doubt as to the enforceability in India of actions to enforce judgments of United States courts arising out of or based on ownership of the securities of Sricon and TBL, including judgments arising out of or based on civil liability provisions of United States federal or state securities laws. There is also doubt whether the Indian courts would enforce, in original actions, judgments against Sricon, TBL or the persons mentioned above predicated solely based upon United States securities laws.

Original actions may be brought in India against these parties only if the actions are not required to be arbitrated by Indian law and only if the facts alleged in the complaint give rise to a cause of action under Indian law, in which event, an Indian court may award monetary damages.

**SELECTED SUMMARY HISTORICAL FINANCIAL INFORMATION**

All three companies, IGC, Sricon and TBL, have fiscal years that end at March 31. The following financial information is provided to assist you in your analysis of the financial aspects of the proposed acquisition transactions. IGC's historical information is derived from (i) its audited financial statements as of March 31, 2007 and for the period from its inception (April 29, 2005) to March 31, 2007, and (ii) its unaudited condensed financial statements as of September 30, 2007 and for the six months ended September 30, 2007 and 2006. Sricon's historical information is derived from (i) its audited financial statements as at March 31, 2006 and 2007 and for the years ended March 31, 2005, 2006 and 2007, and (ii) its unaudited condensed financial statements as of September 30, 2007 and for the six months ended September 30, 2007 and 2006. TBL's historical information is derived from (i) its audited financial statements as at March 31, 2006 and 2007, and for the years ended March 31, 2005, 2006 and 2007, and (ii) its unaudited condensed financial statements as of September 30, 2007 and for the six months ended September 30, 2007 and 2006. The information is only a summary and should be read in conjunction with each of IGC's, Sricon's and TBL's historical financial statements and related notes and IGC's, Sricon's and TBL's respective Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. The historical results included below and elsewhere herein are not indicative of the future performance of IGC, Sricon and TBL.

**INDIA GLOBALIZATION CAPITAL, INC.**  
**Selected Summary Statement of Income Data**

(Amounts in US Dollars, except share data and as stated otherwise)	From Inception (April 29, 2005) to March 31, 2006	Year Ended March 31, 2007	Six Months Ended September 30, 2006	Six Months Ended September 30, 2007
Interest income	\$ 210,584	\$ 3,171,818	\$ 1,580,124	\$ 1,298,063
Income (loss) before income taxes	(398,840)	2,302,855	1,284,755	71,933
Provision for Income taxes	(45,000)	(784,858)	(437,600)	(24,600)
Net income (loss)	(443,840)	1,517,997	847,155	47,333
Weighted average shares outstanding				

□ basic and diluted	3,191,000	13,974,500	13,974,500	13,974,500
Net income (loss) per share				
□ basic and diluted	\$ (0.14)	\$ 0.11	\$ 0.06	\$ 0.00

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**INDIA GLOBALIZATION CAPITAL, INC.**  
**Selected Summary Balance Sheet Data**

	March 31, 2006	March 31, 2007	September 30, 2007
<b>ASSETS</b>			
Investments held in trust fund	\$ 65,825,016	\$ 66,104,275	\$ 67,091,690
<b>LIABILITIES</b>			
Common stock subject to possible conversion	12,762,785	12,762,785	12,762,785
Total stockholders' equity	\$ 50,170,702	\$ 52,923,699	\$ 52,971,030

**SRICON INFRASTRUCTURE PRIVATE LIMITED**  
**Selected Summary Statement of Income Data**

	Year Ended					
(Amounts in Thousand US Dollars except share data and as stated otherwise)	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	September 30, 2007
Revenue	\$ 4,580	\$ 15,298	\$ 11,477	\$ 11,011	\$ 10,604	\$ 4,580
Income before income taxes	320	646	907	668	778	320
Income taxes	(69)	(199)	(363)	(186)	(368)	(69)
Net Income	251	446	544	482	410	251
Earning per share						
□ basic and diluted	\$ 0.12	\$ 0.11	\$ 0.19	\$ 0.16	\$ 0.14	\$ 0.12
Weighted average number of shares outstanding	95,200	183,259	2,932,159	2,932,159	2,932,159	2,932,159

**SRICON INFRASTRUCTURE PRIVATE LIMITED**  
**Selected Summary Balance Sheet Data**

	As of					
(Amounts in Thousand US Dollars)	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	September 30, 2007
<b>ASSETS</b>						
Accounts receivables	\$ 234	\$ 2,223	\$ 2,128	\$ 2,083	\$ 2,751	\$ 6,574
Unbilled receivables	357	984	974	2,980	2,866	2,442
Inventories	43	71	154	248	71	146
Property and equipment, net	1,461	3,098	3,424	4,347	4,903	4,977
BOT Project under progress	□	□	□	1,584	3,080	□
<b>LIABILITIES</b>						
Short-term borrowings and current portion of long-term debt	□	359	5,103	3,868	3,646	3,570

Due to related parties	217	1,553	1,724	1,604	2,264	1,744
Long-term debt, net of current portion	404	1,089	1,278	1,855	2,182	2,479
Other liabilities	462	1,267	1,307	697	1,913	896
Total stockholders' equity	\$ 1,189	\$ 2,822	\$ 2,760	\$ 3,740	\$ 4,289	\$ 5,400

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**TECHNI BHARATHI LIMITED**  
**Selected Summary Statement of Operations Data**

(Amounts in Thousand US Dollars, except share data and as stated otherwise)	Year Ended					Six months
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	September 30, 2006
Revenue	\$ 13,145	\$ 8,773	\$ 8,954	\$ 2,285	\$ 4,318	\$ 316
Income (loss) before income taxes	722	(2,609)	(3,823)	(2,369)	401	(867)
Income taxes	322	(63)	515	62	135	12
Net (loss)/income	400	(2,672)	(3,308)	(2,307)	536	(855)
Earnings (loss) per share						
Basic	\$ 0.09	\$ (0.62)	\$ (0.77)	\$ (0.54)	\$ 0.13	\$ (0.20)
Diluted	\$ 0.09	\$ (0.62)	\$ (0.77)	\$ (0.54)	\$ 0.13	\$ (0.20)
Weighted average number of shares outstanding						
Basic	4,287,500	4,287,500	4,287,500	4,287,500	4,287,500	4,287,500
Diluted	4,287,500	4,287,500	4,287,500	4,287,500	4,287,500	4,287,500

**TECHNI BHARATHI LIMITED**  
**Selected Summary Balance Sheet Data**

(Amounts in Thousand US Dollars)	As of					
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	September 30, 2007
<b>ASSETS</b>						
Cash and cash equivalents	\$ 200	\$ 107	\$ 83	\$ 69	\$ 1,208	\$ 100
Inventories	4,728	4,922	4,459	4,182	1,284	1,784
Prepaid and other assets	1,777	2,070	1,765	1,275	1,231	798
Property, plant and equipment (net)	3,622	3,985	3,463	2,417	2,265	2,352
<b>LIABILITIES</b>						
Short term borrowings and current portion of long-term loan	1,495	6,614	6,291	8,125	6,079	
Trade payable	3,348	2,738	3,341	987	1,502	3,168
Long term debts, net of current portion	4,883	2,892	3,897	3,656	2,333	3,870
Advance from customers	1,488	2,755	3,057	2,997	1,877	884
Total Stockholders' equity	\$ 2,927	\$ 320	\$ (3,032)	\$ (5,438)	\$ (4,895)	\$ (1,504)

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## QUESTIONS AND ANSWERS

*The following briefly address some commonly asked questions about the Acquisition Proposal, the special meeting of the stockholders of IGC and the effect of the Acquisition Proposal on the holders of common stock of IGC. These questions and answers may not include all of the information that is important to you. **We urge you to read carefully this entire document, including the annexes and the other documents to which we have referred you.***

### **Q. What is being voted on?**

There are four proposals being voted on:

1. To approve the "Acquisition Proposal" of IGC acting directly or indirectly through the IGC Group, consisting of the following proposed acquisitions: a) acquisition of a 63% equity interest in Sricon, b) the acquisition of convertible preference shares, and a direct equity interest in TBL, and c) the acquisition from Odeon Limited of convertible preference shares of TBL, which when converted along with the convertible preference shares purchased directly from TBL would result in IGC owning a 77% equity interest in TBL.
2. To elect Sudhakar Shenoy and Suhail Nathani to IGC's board of directors to hold office as Class A directors for a period to expire at the fourth annual meeting of stockholders.
3. To adopt the IGC 2008 Omnibus Incentive Plan.
4. To approve any adjournments or postponements of the special meeting to a later date or dates, if necessary, for the purpose of soliciting additional proxies.

### **Q. Why is IGC proposing the Acquisition Proposal?**

IGC was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination in an unspecified industry, with an unidentified business or businesses with operations primarily in India. We are making acquisitions in the infrastructure and clean technology sectors in India. Sricon and TBL are infrastructure companies with contracts for the building and maintenance of roads in India. Sricon also has a contract to Build Operate and Transfer ("BOT") one of the highways in India. In addition, TBL has experience in the building of tunnels, bridges, airport runways and roads. We believe that these acquisitions will provide you with an opportunity to participate in a company with significant growth potential, in one of the fastest growing economies in the world.

### **Q. Why are we proposing to adopt the 2008 Omnibus Incentive Plan?**

We are proposing the Stock Plan, which would be adopted only upon the consummation of the Acquisition, to:

1. Attract and retain qualified executives and other employees, and to provide such persons with an opportunity to acquire an equity interest in us.
2. Create incentives designed to motivate our employees and employees of our subsidiaries to significantly contribute to our growth and profitability.



3. Provide our executives, directors, advisors and other employees and persons who, by their position, ability and diligence, are able to make important contributions to our growth and profitability with an incentive to assist us in achieving our long-term objectives.

**Q. What vote is required in order to approve the Acquisition Proposal?**

The approval of the Acquisition Proposal will require the affirmative vote of a majority of the shares of our common stock issued in our initial public offering that are present in person or by proxy and entitled to vote at the meeting. In addition, each stockholder who holds shares of our common stock issued in our initial public offering or purchased our shares following such offering in the open market has the right to vote against the Acquisition Proposal and, at the same time, demand that we convert that stockholder's shares into cash equal to a pro rata portion of the trust account in which a substantial portion of the net proceeds of our initial public offering is deposited. However, if holders of 2,260,900 or more shares of common stock issued in our initial public offering, an amount

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equal to 20% of the total number of shares of common stock issued in the initial public offering, vote against the acquisition and demand conversion of their shares into a pro rata portion of the trust account, then we will not be able to consummate the acquisition. These shares will be converted into cash only if the Acquisition is completed. Based on the amount of cash held in the trust account as of September 30, 2007, including interest accrued as of that date and net of estimated taxes, you will be entitled to convert each share of common stock that you hold into approximately \$5.89.

**Q. What vote is required in order to approve the Stock Plan Proposal?**

The approval of the Stock Plan Proposal will require the affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting.

**Q. What vote is required in order to approve the Adjournment Proposal?**

The approval of the Adjournment Proposal will require the affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting.

**Q. What vote is required in order to elect the board members?**

The election of a nominee to the board requires the affirmative vote of a plurality of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting. Plurality means that the individuals who receive the largest number of votes cast are elected as directors. Consequently, votes that are withheld and broker shares that are not voted in the election of directors will not be included in determining the number of votes cast.

**Q. What will I receive in the Acquisition?**

Holders of our securities will continue to hold the securities of IGC that they currently own, and will not receive any of the cash paid in connection with the Acquisition Proposal, unless a holder elects to demand conversion of his shares after voting against the Acquisition Proposal.

**Q. How are we paying for the Acquisition?**

We will use the proceeds from the initial public offering that we completed last year to pay the cash portion of the purchase price for the Acquisition of stock and convertible preference shares. We do not anticipate that we will require additional financing to consummate the Acquisition. However, we are in the process of obtaining additional financing to provide bridge financing to the two target companies prior to consummation of the Acquisition. If we enter into a definitive agreement to obtain financing after the date of this proxy statement but prior to the special meeting, we will file a current report on Form 8-K with the Securities and Exchange Commission, describing the material terms of the financing.

**Q. Do I have conversion rights in connection with the Acquisition?**

If you hold shares of common stock issued in our initial public offering, whether you purchased them in the offering or in secondary trading following the offering, then you have the right to vote against the Acquisition Proposal and demand that we convert your shares of common stock into a pro rata portion of the trust account in which a substantial portion of the net proceeds of our initial public offering are held. These rights to vote against the Acquisition and demand conversion of the shares into a pro rata portion of the trust account are sometimes referred to in this proxy statement as conversion rights.

**Q. If I have conversion rights, how do I exercise them?**

If you wish to exercise your conversion rights, you must vote against the Acquisition Proposal and, at the same time, demand that we convert your shares into cash. If, notwithstanding your vote, the Acquisition is completed, then you will be entitled to receive a pro rata share of the trust account in which a substantial portion of the net proceeds of our initial public offering are held, including any interest earned thereon through the date of the special meeting. Based on the amount of cash held in the trust account as of September 30, 2007, including interest accrued as of

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that date and net of estimated taxes, you will be entitled to convert each share of common stock that you hold into approximately \$5.89. If you exercise your conversion rights, then you will be exchanging your shares of our common stock for cash and will no longer own these shares of common stock. You will only be entitled to receive cash for these shares of common stock if you continue to hold these shares through the closing date of the Acquisition and then tender your stock certificate to us. If you convert your shares of common stock, you will still have the right to exercise any warrants you may hold. If, however the Acquisition is not completed, then your shares will not be converted to cash at this time, even if you so elected.

**Q. Do I have dissenter or appraisal rights in connection with the proposals?**

No dissenter or appraisal rights are available under the Maryland General Corporation Law for our stockholders in connection with the Acquisition Proposal.

**Q. What happens to the funds deposited in the trust account after completion of the Acquisition?**

Upon the consummation of the Acquisition, any funds remaining in the trust account after payment of amounts, if any, to stockholders exercising their conversion rights will no longer be subject to the trust account and will be used to fund the Acquisition Proposal, provide working capital and fund future acquisitions and expansions.

**Q. Who will manage the company upon completion of the Acquisition?**

Upon the completion of the Acquisition, we anticipate that Ranga Krishna will continue to serve as the chairman of our board of directors; Ram Mukunda will continue to serve as our executive chairman, chief executive officer and president. Richard Prins, will continue to serve on our board of directors and, if elected, Suhail Nathani and Sudhakar Shenoy will continue to serve on our board of directors. Ravindra Lal Srivastava will continue to serve as the chairman and managing director of Sricon, and Jortin Antony will continue to serve as managing director of TBL. All of our Advisors will continue to serve, and we expect some of them to serve as board directors and advisors for our Indian and Mauritius subsidiaries.

**Q. What happens if the Acquisition is not consummated?**

We will dissolve and promptly distribute only to our public stockholders the amount in our trust account inclusive of the \$1,769,400 attributable to the underwriters' non-accountable expense allowance, plus any remaining net assets, if we do not effect a business combination by March 8, 2008. If we are unable to consummate the Acquisition, we do not believe that we will be able to effect another business combination by March 8, 2008.

**Q. When do you expect the Acquisition to be completed?**

It is currently anticipated that the Acquisition will be completed promptly following our special meeting of stockholders on February 20, 2008.

**Q. If I am not going to attend the special meeting of stockholders in person, should I return my proxy card instead?**

Yes. After carefully reading and considering the information contained in this proxy statement, please complete and sign your proxy card. Then return the enclosed proxy card in the return envelope provided herewith as soon as possible, so that your shares may be represented at our special meeting.

**Q. What will happen if I abstain from voting or fail to vote?**

An abstention will have the same effect as a vote AGAINST the Acquisition Proposal, and a failure to vote will have no effect on the outcome of the Acquisition Proposal. Only stockholders who vote against the Acquisition Proposal may elect to convert their shares into a pro rata portion of the trust account in which a substantial portion of the net proceeds of our initial public offering are held. An abstention will have the same effect as a vote AGAINST the Stock Plan Proposal and the Adjournment Proposal, and a failure to vote will have no effect on the outcome of those proposals.

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**Q. What do I do if I want to change my vote?**

If you wish to change your vote, please send a later-dated, signed proxy card prior to the date of the special meeting or attend the special meeting and vote in person. You may revoke your proxy by sending a notice of revocation to our CEO, Ram Mukunda, at the address of our corporate headquarters prior to the special meeting.

**Q. If my shares are held in [street name] by my broker, will my broker vote my shares for me?**

No. Your broker cannot vote your shares unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker. Broker non-votes, while considered present for the purposes of establishing a quorum, will have no effect on the proposals.

**Q. Do I need to turn in my certificates?**

No. You do not need to turn in your certificates. However, if you elect to exercise your conversion rights, you will need to deliver your certificates to us at the address below.

**Q. Will IGC's securities still be traded on the American Stock Exchange (AMEX) after the Acquisition is completed?**

Yes, they will continue to trade on AMEX.

**Q. Who can help answer my questions?**

If you have questions about the Acquisition, you may write, fax, email or call Ram Mukunda, India Globalization Capital, 4336 Montgomery Avenue, Bethesda, MD 20817. Telephone: (301) 983-0998. Fax (240) 465-0273. Email. Ram@indiaglobalcap.com.

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**RISK FACTORS**

*You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you decide whether to vote or instruct your vote to be cast on the proposals described in this proxy statement. We make various statements in this section, which constitute [] forward-looking statements.[] See []Forward-Looking Statements. We refer to Sricon Infrastructure Private Limited as Sricon and Techni Bharathi Limited as TBL.*

## **RISKS ASSOCIATED WITH OUR INDUSTRY AND DOING BUSINESS IN INDIA**

**Any downgrading of India's debt rating by an international rating agency, or an increase in interest rates in India, could have a negative impact on our ability to borrow in India.**

Both our road building and power business are leveraged businesses. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies as well as an increase in Indian interest rates may adversely impact our ability to finance growth through debt and could lead to a tightening of our margins, adversely affecting our business.

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

Our business is road building and alternative energy in India. Sricon and TBL, our road builders, and CWEL, our energy sector, presently conduct all their operations in India. Sricon and TBL are dependent on the government of India as well as the state governments for contracts to maintain and build roads. Their operations and financial results may be affected by changes in the government's policy towards road maintenance and road building. In addition, a slow down in the Indian economy or its growth rate, social unrest, natural disasters, or a change in government could cause the government to slow down the pace of road building which could adversely affect our future performance.

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

Our ability to grow our business may be adversely affected by political, economic, social and religious factors, changes in Indian law or regulations and the status of India's relations with other countries. In addition, the economy of India may differ favorably or unfavorably from the U.S. economy in such respects as the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. According to the World Factbook published by the United States Central Intelligence Agency, the Indian government has exercised and continues to exercise significant influence over many aspects of the economy, and privatization of government-owned industries proceeds at a slow pace. Accordingly, Indian government actions in the future could have a significant effect on the Indian economy, which could have a material adverse affect on our ability to achieve our business objective.

Since mid-1991, the Indian government has committed itself to implementing an economic structural reform program with the objective of liberalizing India's exchange and trade policies, reducing the fiscal deficit, controlling inflation, promoting a sound monetary policy, reforming the financial sector, and placing greater reliance on market mechanisms to direct economic activity. A significant component of the program is the promotion of foreign investment in key areas of the economy and the further development of, and the relaxation of restrictions in, the private sector. These policies have been coupled with the express intention to redirect the government's central planning function away from the allocation of resources and toward the issuance of indicative guidelines. While the government's policies have resulted in improved economic performance, there can be no assurance that the economic improvement will be sustained. Moreover, there can be no assurance that these economic reforms will persist, and that any newly elected government will continue the program of economic liberalization of previous governments. Any change may adversely affect Indian laws and policies with respect to foreign investment and currency exchange. Such changes in economic policies could negatively affect the general business and economic conditions in India, which could in turn adversely affect our business.

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**Terrorist attacks and other acts of violence or war 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 plant and property causing a loss and interruption of business. According to the 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 neighboring countries such as Pakistan. The longstanding dispute with Pakistan over the border Indian state of Jammu and Kashmir, a majority of whose population is Muslim, remains unresolved. If the Indian government is unable to control the violence and disruption associated with these tensions, the results could destabilize the economy and, consequently, adversely affect our business.

Since early 2003, there have also been military hostilities and civil unrest in Afghanistan, Iraq and other Asian countries. These events could adversely influence the Indian economy and, as a result, negatively affect our business.

While we will have insurance to cover these risks there can be no guarantee that we will be able to collect in a timely manner. Terrorist attacks, or the threat of violence could slow down road building activity adversely affecting our road building business.

**Exchange controls that exist in India may limit our ability to utilize our cash flow effectively following a business combination.**

Following the consummation of the Acquisition Proposal, we will be subject to India's rules and regulations on currency conversion. In India, the Foreign Exchange Regulation Act or FERA, regulates the conversion of the Indian rupee into foreign currencies. FERA provisions previously imposed restrictions on locally incorporated companies with foreign equity holdings in excess of 40%, known as FERA companies. However, comprehensive amendments have been made to FERA to support the economic liberalization. Such companies are now permitted to operate in India without any special restrictions, effectively placing them on par with wholly Indian owned 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 you that the Indian authorities will not revert back to regulating FERA companies and impose new restrictions on the convertibility of the Indian rupee. Any future restrictions on currency exchanges may limit our ability to use our cash flow for the distribution of dividends to our stockholders or to fund operations we may have outside of India.

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

Our investments in India will incur tax risk unique to investment in 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 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 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 India may or may not be creditable on our income tax returns.

We intend to avail ourselves of income tax treaties with India and minimize any Indian withholding tax or local taxes. However, there is no assurance that the Indian tax authorities will always recognize such treaties and its applications. We have also created a foreign subsidiary in Mauritius, in order to limit the potential tax exposure.

**Our industry depends on the stability of policies and the political situation in India 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 slowdown 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.

**Because the Indian judiciary will determine the scope and enforcement under Indian law of almost all of Sricon and TBL's material agreements, we may be unable to enforce our rights inside and outside of India.**

Sricon and TBL will operate under the laws of India. Substantially all of the assets of Sricon and TBL are located in India and the majority of its officers and directors and the experts named in this proxy statement/prospectus are outside the United States. Although India and the United States are signatories to the 1965 Hague Convention on the Service Abroad of Judicial and Extra Judicial Documents in Civil and Commercial Matters, service under this treaty is cumbersome and time consuming, and may result in inadequate notice so that any judgment based on that service may be reopened, re-litigated and overturned. It is therefore unlikely that service of process on Sricon and TBL or their officers and directors can be obtained within the United States. Further, it may be difficult to enforce in India a judgment obtained in the United States. These difficulties stem from the lack of official judicial arrangements between the United States and India, which means that judgments of United States courts will not be enforced in India without review and re-litigation of the merits of their claims.

There is doubt as to the enforceability in India of actions to enforce judgments of United States courts arising out of or based on ownership of the securities of Sricon and TBL, including judgments arising out of or based on civil liability provisions of United States federal or state securities laws. There is also doubt whether the Indian courts would enforce, in original actions, judgments against Sricon, TBL or the persons mentioned above predicated solely based upon United States securities laws.

Original actions may be brought in India against these parties only if the actions are not required to be arbitrated by Indian law and only if the facts alleged in the complaint give rise to a cause of action under Indian law, in which event, an Indian court may award monetary damages.

## **RISKS ASSOCIATED WITH THE ACQUISITIONS AND OUR BUSINESS**

**The cost of obtaining bank financing may reduce TBL's income.**

TBL has restructured some of its bank debt and may, in the future, face higher interest rates or will require higher collateral with the banks. This increases the cost of money for TBL and could decrease its margins. While IGC expects to provide collateral support for two to three years, by which time we expect the credit worthiness of TBL to increase to adequate levels, there can be no assurance that TBL will not have to pay higher interest rates in the future, which could reduce its income.

**We may not be able to obtain necessary raw materials at competitive prices.**

Construction contracts are primarily dependent on adequate and timely supply of raw materials, such as cement, steel and aggregates, at competitive prices. As competition from larger and well-established players increases for procuring raw materials, we could face an increase in the price of raw materials that negatively impacts our profitability.

**Our business is dependent on contracts awarded by the Government and its agencies.**

The businesses of Sricon and TBL are dependent on the implementation of the central and state budget allocations to the infrastructure sector. Sricon and TBL derive the bulk of their revenue from contracts awarded by the central and state governments of India and their agencies. If there are delays in the payment of invoices by the government, our working capital requirements could increase. The BOT industry is a competitive one, and Sricon and TBL may be outbid for government contracts. In addition, to the extent that Sricon and TBL fail to perform in accordance with the criteria of existing contracts, the governments may be more inclined to seek alternative sources of BOT services.

**We may face penalties for time overruns.**

Sricon and TBL execute construction contracts primarily in the roads and infrastructure development sectors. Sricon and TBL typically enter into high value contracts for these activities, which provide for penalties if contracts are not executed in a timely manner. If Sricon and TBL are unable to meet the performance criteria as prescribed by the respective contracts and if penalties are levied, the financial performance of these companies could be adversely affected.

**Our business is dependent on continuing relationships with clients and strategic partners.**

Our business is dependent on developing and maintaining strategic alliances with contractors that undertake turnkey contracts for infrastructure development projects as well as government organizations.

The business and our results could be adversely affected if we are unable to maintain a continuing relationship and pre-qualified status with key clients and strategic partners.

**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, Sricon, and TBL as well as all our subsidiaries. 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 have played a significant role in developing and executing the overall business plan, maintaining client relationships, proprietary processes and technology. While none is irreplaceable, the loss of the services of any would be disruptive to our business.

**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: For example, 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. This results in uneven revenue and operating results over the year.
- Commencement, completion and termination of contracts during any particular quarter.
- Additions and departures of key personnel.
- Claims filed against the contractee for delays and changes in scope, among others, can sometimes enter arbitration and take time to settle. This could result in a tightening of working capital.
- Strategic decisions made by us and our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments and changes in business strategy.

The revenue recognition policy records contract revenue for those stages of a project that we complete, after we receive certification from the client that such stage has been successfully completed. Since revenue is not recognized until we receive a certification from our clients, revenue recognition can be uneven.

**Our subsidiaries may become involved in litigation in the future.**

Our subsidiaries are fairly large companies and may have to initiate actions in the Indian Courts to enforce their rights and may also be drawn into legal litigation. The expenses of litigation and any judgments against us could have a material adverse effect on us.

**We face intense competition in the Indian infrastructure industry.**

The Indian real estate and infrastructure industries are increasingly attracting foreign capital. We currently have competition from international as well as domestic companies that operate at the national level. Smaller localized contractors / 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.

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**Our operations are sensitive to weather conditions.**

Our business activities in India could be materially and adversely affected by severe weather conditions. Severe weather conditions may require Sricon and TBL to evacuate personnel or curtail services and may result in damage to a portion of Sricon and TBL's fleet of equipment or to our facilities, resulting in the suspension of operations, and may further prevent Sricon and TBL from delivering materials to project sites in accordance with contract schedules or generally reduce our productivity. Difficult working conditions and extremely high temperatures also adversely affect the operations of Sricon and TBL during summer months and during monsoon season, which restrict our ability to carry on construction activities and fully utilize our resources.

The revenue recorded in the first half of our fiscal year between April and September is traditionally lower than revenue recorded during the second half of our fiscal year due to the weather conditions. During periods of curtailed activity due to adverse weather conditions, Sricon and TBL may continue to incur operating expenses, reducing profitability.

**If we are unable to provide interim financing to Sricon and TBL, they may have difficulty meeting their projected revenue targets.**

We believe that Sricon and TBL will require financing prior to the consummation of the Acquisitions in order to maintain their operations at a level necessary to give them the opportunity to meet their financial projections for 2008 and 2009. We estimate that Sricon will require between \$3,250,000 to \$4,000,000 and TBL between \$2,500,000 to \$3,000,000. On December 19, 2007 we entered into an agreement with Sricon and subsequently funded Sricon with \$3,250,000. On January 14, 2008 we entered into an additional agreement with Sricon and subsequently funded Sricon with an additional \$500,000. On December 21, 2007 we entered into an agreement with TBL under which we agreed to fund TBL up to \$2,670,000 and subsequently funded TBL with \$2,000,000. While we have raised funds in a private placement to provide such interim financing, and we believe that the interim funding is sufficient for these companies to meet their projected FYE 2009 revenue targets, the timing of the interim funding may put pressure on their ability to meet the projections for FYE March 31, 2008.

**RISKS RELATED TO THE ACQUISITION PROPOSAL**

**Changes in the conversion rate between the U.S. dollar and Indian rupee, may adversely affect our purchase price.**

We plan to make all payments in respect to the Acquisition Proposal in Indian rupees and therefore exchange rate fluctuations may directly affect the purchase price.

The exchange rate between the Indian rupee and the U.S. dollar has changed substantially in the last two decades and may fluctuate substantially in the future. Between October 1, 2006 and December 28, 2007, the noon buying rate of the Federal Reserve Bank of New York has fluctuated from a high of 45.97 rupees per dollar on October 2, 2006 to a low of 38.48 rupees per dollar on October 9, 2007. As of December 27, 2007, the rate was 39.40 rupees per dollar. Any decline in value of the U.S. dollar against the Indian rupee will render the Acquisition more expensive. Furthermore, we may incur additional costs in connection with conversions between U.S. dollars and Indian rupees.

**We may issue equity securities in a private placement which would dilute your equity interest in us.**

Prior to the consummation of the Acquisitions we anticipate requiring additional funds to provide short-term capital infusions to Sricon and TBL. We are currently raising such financing in the form of debt coupled with a grant of common stock. Based on the anticipated levels of such financing, we may issue up to 754,953 shares of our common stock in connection with such financing. The issuance of such stock would dilute your equity position



in us.

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**If the Acquisition's benefits do not meet the expectations of financial or industry analysts, the market price of our common stock may decline.**

The market price of our common stock may decline as a result of the Acquisition if:

- we do not achieve the perceived benefits of the Acquisition as rapidly as, or to the extent anticipated by, financial or industry analysts; or
- the effect of the Acquisition on our financial statements is not consistent with the expectations of financial or industry analysts.

Accordingly, investors may experience a loss as a result of a decreasing stock price.

**If we are unable to consummate the Acquisition Proposal by March 8, 2008 we will be forced to liquidate.**

If we do not effect a business combination by March 8, 2008, we will dissolve and promptly distribute only to our public stockholders the amount in our trust account inclusive of the \$1,769,400 attributable to the underwriters' non-accountable expense allowance, plus any remaining net assets. If we are unable to consummate the Acquisition, we do not believe that we will be able to effect another business combination by March 8, 2008.

**Our directors may have certain conflicts in determining to recommend the Acquisition Proposal, since certain of their interests, and certain interests of their affiliates and associates, are different from, or in addition to, your interests as a stockholder.**

IGC's management and directors have interests in and arising from the Acquisition Proposal that are different from, or in addition to, your interests as a stockholder, which could result in a real or perceived conflict of interest. These interests include the fact that certain of the shares of common stock owned by our management and directors, or their affiliates and associates, would become worthless if the Acquisition Proposal is not approved and we otherwise fail to consummate a business combination prior to our liquidation date and that our chairman of the board is entitled to receive additional shares of common stock if we consummate a business combination prior to our liquidation date under the terms of a loan he made to us.

**We have not had operations, and Sricon and TBL have not operated as a US public company. Fulfilling our obligations incident to being a US public company after completing the Acquisition Proposal will be expensive and time consuming.**

Although, we have maintained disclosure controls and procedures and internal control over financial reporting as required under the Federal securities laws with respect to our very limited activities, we have not been required to maintain and establish such disclosure controls and procedures and internal control as will be required with respect operating Sricon or TBL, each with potentially substantial operations. Under the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, we will need to implement additional corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these obligations will require increased management and could result in delays if we cannot recruit individuals with the requisite experience and technical accounting knowledge in India.

**Compliance with Foreign Corrupt Practices Act could adversely impact our competitive position. Failure to comply could subject us to penalties and other adverse consequences.**

We will be subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States 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 we or the employees or agents of our subsidiaries will not engage in

such conduct, for which we might be held responsible. We could suffer penalties that may have a material adverse effect on our business, financial condition and results of operations.

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## FORWARD-LOOKING STATEMENTS

We believe that some of the information in this proxy statement 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," "seeks," "predicts," "potential" or similar words or the negative of these words or other variations on these words or comparable terminology. You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or financial conditions or state or other forward looking information.

While we believe it is important to communicate our expectations to our stockholders, there may be events in the future that we are not able to accurately predict or over which we have no control. The risk factors and cautionary language discussed in this 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 number of our stockholders voting against the Acquisition Proposal.
- Competition in the road building sector.
- Legislation by the government of India.
- General economic conditions and the Indian growth rates.
- Our ability to win licenses, contracts and execute.

You should be aware that the occurrence of the events described in these risk factors and elsewhere in this proxy statement 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 proxy statement.

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 proxy statement or to reflect the occurrence of unanticipated events.

Before you grant your proxy or instruct how your vote should be cast or vote on the proposals described in this proxy statement, you should be aware that the occurrence of the events described in the "Risk Factors" section and elsewhere in this proxy statement could have a material adverse effect on us.

## OUR SPECIAL MEETING

### OUR SPECIAL MEETING

We are furnishing this proxy statement to you as part of the solicitation of proxies by our board of directors for use at the special meeting in connection with the Acquisition Proposal and related matters. This proxy statement provides you with the information you need to know to be able to vote or instruct your vote to be cast at the special meeting.

### DATE, TIME AND PLACE

We will hold the special meeting at 10:00 a.m., Eastern Time on February 20, 2008 at the offices of Seyfarth Shaw, LLP, 815 Connecticut Avenue, N.W., Washington, D.C. 20006 to vote on the Acquisition Proposal.

#### **PURPOSE OF THE SPECIAL MEETING**

At the special meeting, we are asking holders of IGC common stock to:

- approve the Acquisition Proposal,

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- adopt the IGC 2008 Employee, Directors and Consultant Stock Option Plan,
- elect two members to the board of IGC, and
- adopt the Adjournment Proposal for adjourning or postponing the special meeting to a later date.

#### **RECOMMENDATION OF THE IGC BOARD OF DIRECTORS**

The IGC board of directors:

- has unanimously determined that the Acquisition Proposal is fair to and in the best interests of IGC and its stockholders;
- has unanimously determined that the aggregate fair market value of the Acquisition Proposal will exceed 80% of our net assets at the time of the Acquisition;
- has unanimously approved and declared advisable the Acquisition Proposal, the election of two individuals to the board of IGC, the 2008 Stock Option Plan Proposal, and the Adjournment Proposal;
- unanimously recommends that IGC common stockholders vote  **FOR**  the Acquisition Proposal;
- unanimously recommends that IGC common stockholders vote  **FOR**  the Stock Plan Proposal;
- unanimously recommends that IGC common stock holders vote  **FOR**  the election of Messr. Shenoy and Nathani to the board of IGC ; and
- unanimously recommends that IGC common stockholders vote  **FOR**  the adjournment proposal.

#### **RECORD DATE**

The record date for the special meeting is February 4, 2008. Record holders of our common stock at the close of business on the record date are entitled to vote or have their votes cast at the special meeting. On the record date, there were 13,974,500 shares of our common stock outstanding.

When voting on the Acquisition Proposal and all other proposals at the special meeting, you will have one vote for each share of our common stock that you owned at the close of business on the record date.

Our issued and outstanding warrants do not have voting rights and record holders of our warrants will not be entitled to vote at the special meeting.

#### **VOTING YOUR SHARES**

Each share of our common stock that you owned at the close of business on the record date entitles you to one vote. Your proxy card shows the number of shares of our common stock that you own.

There are three ways to vote your shares of our common stock at the special meeting:

- You can vote by signing and returning the enclosed proxy card. If you vote by proxy card, your  proxy,  whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you sign and return the proxy card, but do not give instructions on how to vote your shares, your shares will be voted, as recommended by our board,  FOR  the approval of the Acquisition Proposal,  FOR  the 2008 Stock Option Plan Proposal,  FOR  the election of the proposed nominees to the board of IGC and  FOR  the Adjournment Proposal.
- You can vote by telephone or the Internet by following the telephone or Internet voting instructions that are included with your proxy card. If you vote by telephone or the Internet, you should not return the proxy card. The deadline for voting by telephone or electronically is 9:30 a.m. Eastern Time on February 20, 2008.
- You can attend the special meeting and vote in person. We will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

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**IF YOU DO NOT VOTE YOUR SHARES OF OUR COMMON STOCK IN ANY OF THE WAYS DESCRIBED ABOVE, IT WILL HAVE (1) NO EFFECT ON THE ACQUISITION PROPOSAL, BUT YOU WILL NOT BE ELIGIBLE TO DEMAND THE CONVERSION OF YOUR COMMON SHARES INTO A PRO RATA SHARE OF THE TRUST ACCOUNT IN WHICH A SUBSTANTIAL PORTION OF THE PROCEEDS OF OUR INITIAL PUBLIC OFFERING ARE HELD, AND (2) NO EFFECT ON THE STOCK PLAN PROPOSAL AND THE ADJOURNMENT PROPOSAL.**

#### **WHO CAN ANSWER YOUR QUESTIONS ABOUT VOTING YOUR SHARES**

If you have any questions about how to vote or direct a vote in respect of your shares of our common stock, you may call Ram Mukunda at (301) 983-0998, or write him at our address.

#### **NO ADDITIONAL MATTERS MAY BE PRESENTED AT THE SPECIAL MEETING**

This special meeting has been called only to consider the approval of the Acquisition Proposal, the 2008 Stock Option Plan Proposal, the election of the proposed nominees and the Adjournment Proposal.

#### **REVOKING YOUR PROXY**

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

- You may send another proxy card with a later date,
- You may notify Ram Mukunda, our CEO, in writing before the special meeting that you have revoked your proxy, with such written notification addressed to us at India Globalization Capital, Inc. 4336 Montgomery Avenue, Bethesda, Maryland, 20814 , or
- You may attend the special meeting, revoke your proxy and vote in person.

#### **VOTE REQUIRED**

The approval of the Acquisition Proposal will require the affirmative vote of a majority of the shares of our common stock issued in our initial public offering that are present in person or by proxy and entitled to vote at the meeting.

The approval of our Stock Plan and of the Adjournment Proposal will require the affirmative vote of a majority of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the

meeting.

The election of the proposed nominees to our board, will require a plurality of the outstanding shares of our common stock that are present in person or by proxy and entitled to vote at the meeting.

#### **ABSTENTIONS AND BROKER NON-VOTES**

If you abstain from voting, either in person or by proxy or by voting instruction, it will have the same effect as a vote against the Acquisition Proposal, the 2008 Stock Option Plan Proposal, the election of the proposed nominees and the Adjournment Proposal, but not as a demand of conversion of your shares into a pro rata portion of the trust account.

If your broker holds your shares in its name and you do not give the broker voting instructions, your broker may not vote your shares. If you do not give your broker voting instructions and the broker does not vote your shares, this is referred to as a broker non-vote. Broker non-voting shall be treated as shares not entitled to vote at the special meeting, and, therefore, shall have no impact on the Acquisition Proposal, the 2008 Stock Option Plan Proposal, the election of the proposed nominees or the Adjournment Proposal. A broker non-vote will not entitle you to demand conversion of your shares into a pro rata portion of the trust account if the Acquisition Proposal is approved.

To exercise your conversion rights as a stockholder, you must affirmatively elect to convert your shares by checking the appropriate box, or directing your broker to check the appropriate box, on the proxy card and ensure that the proxy card is delivered prior to the special meeting.

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#### **CONVERSION RIGHTS**

Any stockholder holding shares of common stock issued in our initial public offering who votes against the Acquisition Proposal may, at the same time or at any time before the special meeting, demand that we convert his shares into a pro rata portion of the trust account. If so demanded, we will convert these shares into a pro rata portion of funds held in a trust account, if the Acquisition is consummated. If the holders of 20% or more of the shares of common stock issued in our initial public offering, or at least 2,260,900 shares, vote against the Acquisition Proposal and demand conversion of their shares into a pro rata portion of the trust account, we will not be able to consummate the Acquisition.

Based on the amount of cash held in the trust account as of September 30, 2007, including interest accrued as of that date, you will be entitled to convert each share of common stock that you hold into approximately \$5.89 net of estimated taxes.

If you exercise your conversion rights, then you will be exchanging your shares of our common stock for cash and will no longer own these shares. You will only be entitled to receive cash for these shares of common stock if you continue to hold these shares through the closing date of the Acquisition and then tender your stock certificate to us. The closing price of our common stock on February 5, 2008, the most recent trading day practicable before the printing of this proxy statement, was \$5.82. Prior to exercising conversion rights, our stockholders should verify the market price of our common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights.

#### **SOLICITATION COSTS**

We are soliciting proxies on behalf of our board of directors. We will pay the cost of soliciting proxies. This solicitation is being made by mail but also may be made by telephone or in person. We and our directors and officers may also solicit proxies in person, by telephone or by other electronic means. These persons will not be paid for doing this, other than the salaries they might otherwise receive.

We have retained Morrow & Co. for an estimated fee of \$27,500, plus out of pocket expenses, to assist in distributing proxy materials and soliciting proxies.

We will ask banks, brokers and other institutions, nominees and fiduciaries to forward our proxy statement materials to their principals and to obtain their authority to execute proxies and voting instructions. We will reimburse them for their reasonable out-of-pocket expenses.

## **STOCK OWNERSHIP**

At the close of business on the record date, our founders, past and present executive officers, directors and advisors beneficially owned and were entitled to vote, in the aggregate, 2,670,000 shares of our common stock, representing around 20% of the then outstanding shares of common stock. As of February 5, 2008, these shares had a market value of approximately \$15,539,400 based on our common stock price of \$5.82 per share.

For information on beneficial ownership of our common stock by executive officers, directors and 5% stockholders, see "Beneficial Ownership of Securities."

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## **THE ACQUISITION PROPOSAL**

### **GENERAL DESCRIPTION OF THE ACQUISITION**

IGC, through its wholly-owned subsidiary in Mauritius (IGC-M), will:

1. acquire a total of 63% of the issued and outstanding securities of Sricon Infrastructure Private Limited for around \$29m in cash, this transaction will be in two parts:
  - we will purchase a 58% equity interest in Sricon, on a fully diluted basis, directly from Sricon for about \$26m and
  - we will purchase an additional 5% equity interest in Sricon, on a fully diluted basis, from the promoters of Sricon for about \$3m;
2. acquire a total of 77% of the issued and outstanding securities of Techni Bharathi Limited (TBL) for around \$12m. This transaction will be in three parts:
  - for approximately \$6.9 m, we will purchase a 38.7% equity interest directly from TBL,
  - for \$2 m, we will purchase from Odeon Limited, a holder of TBL securities, a convertible preferred debenture, which may be converted to approximately a 26.9% equity interest in TBL (IGC intends to exercise the conversion of this instrument),
  - for approximately \$3.13 m, we will purchase directly from TBL a new convertible preferred stock, which may be converted to 11.3% equity interest of TBL.

Both acquisitions are collectively referred to as the "Acquisition Proposal." It is anticipated that all three transactions will close simultaneously.

### **BACKGROUND OF THE ACQUISITION**

The terms of each of the Share Subscription and Purchase Agreement (SSPA) with Sricon and the Share Purchase Agreement (SPA) with TBL were the result of arm's-length separate negotiations between representatives of the respective companies. The following is a brief discussion of the background of these negotiations.

India Globalization Capital, Inc. was incorporated in the State of Maryland on April 29, 2005. We were formed to serve as a vehicle for the acquisition of an operating business in an unspecified industry located in India through a merger, capital stock exchange, asset acquisition, or other similar business combination.

A registration statement for our initial public offering was declared effective on March 2, 2006. On March 8, 2006, we consummated an initial public offering of 11,304,500 units at a price of \$6 per unit. In addition, management of IGC bought 170,000 additional units in a private placement, just prior to the IPO, for the same price as that offered to the public. Each unit consists of one share of common stock and two warrants. Each warrant entitles the holder to purchase one share of our common stock at a price of \$5.00. Each warrant will be exercisable on the later of our completion of a business combination or March 3, 2007 and will expire on March 3, 2011, or earlier upon redemption. The units sold in the private placement are identical to the units sold in the IPO with the exception that the individuals who bought the units in the private placement will have no right to any liquidation distributions with respect to the shares included in the private placement units, in the event we fail to consummate a business combination. Further, the private placement units may not be sold, assigned or transferred until we consummate a business combination. The purchasers in the private placement further agreed to waive their right to any liquidation distributions with respect to such shares in the event we fail to consummate a business combination.

We received aggregate net proceeds from the private placement and the IPO of approximately \$62,815,000. This amount was deposited in trust and, in accordance with our amended and restated certificate of incorporation, will be released either upon the consummation of a business combination or upon our liquidation. An additional \$1,769,400, representing a deferred portion of the commissions payable to our underwriter Ferris, Baker Watts, Incorporated in connection with the IPO, was also deposited in the trust account. In the event that we consummate a business combination, those funds will be paid to Ferris, Baker Watts. Of the interest income earned on the monies in trust, \$2,150,000, net of taxes, was deposited into our working capital account and the rest has been retained in the trust

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account. In addition, unsecured notes were issued to two of our founding stockholders for an aggregate amount of \$870,000 in order to fund working capital, including business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. These notes carried interest at 4% and were due at the earlier of March 3, 2007, or the consummation of a business combination. Of the amounts represented by these notes, the principal amount of \$600,000 has been repaid to date and a new note issued for \$220,000 of the remaining principal amount. We have also issued a new note to a founding stockholder for an additional principal amount of \$275,000 in order to fund working capital, including business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. On October 2, 2007, one of our Founders extended a loan of \$250,000 to the Company on substantially the same terms as the other notes. The new notes are payable on the earlier of March 31, 2008 or the consummation of a business combination. The notes bear interest at 8% per annum. On December 24, 2007, one of our founders extended a loan of \$4,300,000 to the Company. The note evidencing this loan is payable on the earlier of December 24, 2008 or 10 days after the consummation of a business combination. The note bears interest at 5% per annum.

After the IPO in March 2006, we began evaluating prospective businesses regarding potential business combinations. We attempted to source opportunities proactively as well as reactively. We also explored many business combination structures taking into account Indian laws and our mandate. We considered, among others, stand-alone businesses, corporate spin-offs, management buy-outs, straight mergers and cash and stock buyouts. We also looked at structures that involved intermediary countries like Mauritius and Singapore as a way to minimize our tax exposure.

During the period from March 2006 to September 2007, we evaluated over 150 companies, engaged in negotiations with several companies and signed seven letters of intent, before the board decided for a variety of reasons not to pursue a business combination with many of them.

## **SRICON**

On or around November 15, 2006 Roop Chand Betala, president of Volvie Capital, India contacted our CEO Ram Mukunda, about potential acquisitions. After showing us several potential business combinations in the power sector, all of which we rejected, Mr. Roop Chand introduced us to Sricon in March 2007.

From March through July 2007, we continued to meet with Volvie Capital to discuss the business and a potential business combination. Several structures including a reverse merger, minority investment and

acquisition of stock were discussed, as were valuations and projections. During these months, we also continued to pursue other potential business combinations.

In July 2007, we had a serious discussion with the management of Sricon about a possible transaction and began financial due diligence.

In August 2007, Mr. Mukunda had a discussion with members of our board and pursuant to the discussion we made a verbal offer to Sricon. After several rounds of negotiations, on August 28, 2007 we signed a letter of intent with Sricon. We immediately increased efforts at conducting due diligence. Members of Economic Laws Practice (ELP), a law firm based in India, our directors Mr. Prins and Mr. Nathani, our Chairman Dr. Krishna and Ram Mukunda, as well as eleven consultants carried out the process of audit, drafting of definitive agreements and legal due diligence. We simultaneously began negotiating the definitive agreements. On September 15, 2007, we signed the definitive agreements. In December 2007 we had discussions with Sricon regarding providing Sricon with a refundable down payment on the shares to be purchased under the definitive agreements, and on December 19, 2007 we signed an amendment to the definitive agreements.

## **TBL**

In April 2006, we hired Master Aerospace Consultants (MAC) to help source potential business combinations.

In June 2006 MAC introduced Ram Mukunda to Ajax Engineering Pvt. Ltd as a possible acquisition. In June 2007, the CEO of Ajax Engineering Mr. A. K. Singh introduced us to Techni Bharathi Infrastructure (TBL). After several meetings with the management of TBL, we began to evaluate the company and conduct due diligence on TBL.

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In August 2007, members of our board discussed a potential transaction with TBL. On September 5, 2007, we signed a letter of intent with TBL. We immediately scaled up our efforts at conducting due diligence. Members of ELP, our directors Mr. Prins and Mr. Nathani, our chairman Dr. Krishna, and Ram Mukunda, as well as six consultants carried out the process of audit, drafting of definitive agreements and legal due diligence. The roles of the various parties in the process are described in the section entitled "Due Diligence and Valuation" below. We simultaneously began negotiating the definitive agreements. On September 15, 2007, we signed the definitive agreements.

In December 2007 we had discussions with TBL regarding providing TBL with a refundable down payment on the shares to be purchased under the definitive agreements, and on December 21, 2007 we signed an amendment to the definitive agreements.

On September 23, 2007, our board met formally to discuss all three transactions and unanimously agreed to present these transactions to the stockholders.

## **INTERESTS OF OUR DIRECTORS AND OFFICERS IN THE ACQUISITION**

When you consider the recommendation of our board of directors that you vote in favor of adoption of the Acquisition Proposal, you should keep in mind that certain of our directors and officers have interests in the Acquisition that are different from, or in addition to, your interest as a stockholder. These interests include, among other things, that if the Acquisition is not approved and we are required to liquidate, the stock and units issued to our executives and directors prior to the consummation of our public offering, including those purchased by our executives and directors in the private placement immediately preceding the public offering, will be worthless, because these shares will not participate in any distribution of the assets held in our trust fund. As of the record date, our present and past executives, directors and advisors owned a total of 2,500,000 shares of our common stock and 170,000 of our Units. In addition, Richard Prins has received an option to purchase 71,250 units, at a strike price of \$7.50, from the Underwriters Purchase Option (UPO) that we granted to the underwriter, Ferris, Baker Watts and Ranga Krishna, our Chairman of the Board, is entitled to receive 446,226 shares of our common stock if we consummate the Acquisition under the terms of a \$4,300,000 loan made by Dr. Krishna to us, which loan shall be due and payable 10 days after the completion of the Acquisition.



Mr. Suhail Nathani is a partner at the law firm of ELP in Mumbai, India. He is also one of our directors. His law firm is responsible for the legal due diligence and for drafting the purchase agreements. Our board of directors took the relationship into consideration, and debated the potential conflicts before approving the hiring of ELP for representing us in India. Nathani did not take part in the board's approval process of choosing ELP as our Indian legal council. One of the key considerations that the board took into account was the experience that Nathani and other ELP partners have in mergers, acquisitions, Indian and US securities law and cross border relations. While ELP is paid their standard fee for the work they did and continue to do for us, there is no arrangement of a success fee of any kind associated with the Acquisition Proposal.

In addition, we anticipate that following the completion of the Acquisition, Ranga Krishna will serve as the chairman of our board of directors, Ram Mukunda will serve as the executive chairman, president and chief executive officer, Sudhakar Shenoy, Suhail Nathani and Richard Prins will remain on our board of directors. Each of our directors and officers will, following the Acquisition, be compensated in such manner, and in such amounts, as our board of directors may determine to be appropriate, subject in the case of our officers to the requirements of any employment agreements entered into with them.

## **OUR REASONS FOR THE ACQUISITION AND RECOMMENDATION OF OUR BOARD**

The board has concluded that the acquisitions of Sricon and, TBL are in the best interests of our stockholders. Our board of directors considered a wide range of factors in evaluating the Acquisition. The board considered the following factors, among others, in recommending the Acquisition Proposal:

- Our top down analysis and why the selected industries are attractive: our analysis of the industry shows that macro growth drivers for the industry are very strong. According to Committee for Infrastructure Financing, India & Bloomberg India expects to spend \$475 billion on infrastructure build out. The major sectors where this spending will take place are in the areas of Power, Urban infrastructure,

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irrigation, airports, ports, railways and roads. Overall the industry sector is very attractive and the Indian infrastructure companies have increased, in value, over 800 percent, (source: Bloomberg) over the past three years. Further, we found the market to be fragmented with many local undercapitalized players. We also found barriers to entry in the form of new government regulations that made contract bid qualifications more stringent.

- The specific acquisitions and why they are attractive: both Sricon and TBL have industry knowledge and prior experience. Sricon in particular has the ability to bid on large contracts. Sricon has expertise in building cement plants, and mining, both high margin, recurring businesses. TBL has a strong regional presence in three states as well prior experience in states where the margins for basic infrastructure build out are higher. The ownership of these companies allows us to participate in building and owning assets in the form of build operate and transfer contracts, owning these companies gives us significant advantage in controlling costs associated with the engineering and building of these types of assets. Either Sricon or TBL could manage and eventually build out some of these assets helping in driving down costs.
- Companies willing to sell majority stakes: both TBL and Sricon were willing to sell majority stakes in their companies and allow a substantial portion of the money to be used to capitalize the companies. The management believed in their ability to grow the companies and was willing to take future awards of stock as an incentive to meet projections.
- Valuation and discount to public market multiples: the infrastructure industry in India is growing very rapidly and we have an opportunity to acquire two companies at fairly steep discounts to the public markets, providing arbitrage and high growth to our shareholders.
- The management teams and their commitment to corporate governance, and the ability of the company to potentially comply with SOX 404: we found that part of the challenge in acquiring majority stakes in companies, in India, was that entrepreneurs want to hold on to their stock even if it means not participating in high growth. The other challenge was that companies would have to become SOX 404 compliant. Several of the companies we spoke to including ones that we made offers to were reluctant to potentially comply with SOX 404. The management of Sricon and TBL were aware and willing to let us institute changes to their financial reporting and disclosure methodologies in order to become SOX 404

compliant.

Among the negative factors that the board considered in reaching its determination were the following:

- **Size and managing multiple companies:** the board considered that the companies were small in size and that scaling these companies would present challenges. Part of the mitigating factors considered was IGC management's experience with managing rapid growth and our access to Indian management that can help with scaling operations. With respect to multiple companies the board believed that the IGC's management had considerable experience managing holding companies and that we could postpone integration and operate Sricon and TBL independently, as these companies had capable management teams.
- **Government clients and branding:** the board considered that this is a business where contracts are being awarded by the government and the brand of both Sricon and TBL will need to be enhanced. The mitigating factors considered were, 1) our board and advisors have extensive contacts with the Indian government and could actively help in positioning and branding the companies with the government of India; 2) some of our board members have experience dealing with federal government contracting in the US and 3) some of our board members have been dealing with Indian government owned companies for the past twenty years.
- **Cash business:** the fact that the business is labor intensive and that cash was used to pay employees, or contract workers was considered. In order to mitigate risk associated with this aspect of the business, especially in light of SOX 404, we negotiated clauses in our ownership that allows us to overhaul the accounting department and to hire and fire the chief financial officer.

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- **Corporate governance, reporting and SOX 404 compliance:** the board considered that these companies would need to comply with SOX 404 in two years. The mitigating factors were the 1) Indian management's willingness to let us install people, systems and processes that could meet public company corporate governance standards and SOX 404 compliance, 2) our management's experience with public companies in the US and SOX 404 and 3) our access to experienced people that could help with reporting, governance and compliance.

**INDUSTRY BACKGROUND: INFRASTRUCTURE:**

We were formed for the purpose of executing a business combination with a company with operations in India. We were not restricted to an industry group. We considered various industry groups, including home building, retail space construction, hotel construction, cement, steel, health care, information technologies and out-sourcing, retail, among others. Within each industry group, we looked at industry trends, competition, niche players, valuation metrics, economies of scope and scale, labor risk, foreign direct investment regulations and a several other factors.

Our analysis showed that Indian engineering and construction companies, specifically those with expertise in road maintenance, road building, Build Operate and Transfer (BOT) roads, construction of power plants, airports, sea ports, rail roads, coal and ore mining, and other heavy construction, as well as the energy sector and in specific the alternative energy industry provide high growth where the demand far outstrips supply. The Indian economy is growing at a GDP of between 8 and 9.5% per year. The infrastructure in major cities is under enormous stress and the infrastructure in secondary cities requires expansion. The Indian government recently announced that it expected to spend approximately \$475 billion by 2012 in order to improve Indian infrastructure. This includes approximately \$40 billion on highways and over \$160 billion on power. Among other infrastructures that will be expanded and built out are railroads, seaports and airports. Below, we provide background and an analysis of the Indian road infrastructure followed by an analysis of the energy sector.

**India's road network**

<b>Category</b>	<b>Indian Roads and</b>	<b>%</b>
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	<b>Highways Length</b>	
	<b>(miles)</b>	
Expressways	124	*
National Highways	41,352	2%
State Highways	79,488	4%
Major District Roads	291,870	14%
Rural Roads	1,645,650	80%
<b>Total Length</b>	<b>2,058,485</b>	

\* less than 1%

The road network in India remains inadequate in terms of reach and quality and is unable to handle the traffic demands of its rapidly growing economy. While India currently has around 2 million miles of roads, most highways are narrow and congested with poor surface quality. According to the World Bank (WB), approximately 40% of India's villages do not have access to all-weather roads. In the last 50 years, the government has built just 334 miles of 4-lane roads.

Goldman Sachs Global Economics Paper No-152, titled "India's rising growth potential" (GS-152), cites gains in productivity as one major driver for sustaining India's GDP growth rate. It further argues that there are six reasons why India can continue to maintain or increase its growth rate. Among them, new highways are expected to jump start India's competitiveness. The analogy drawn is with the US where the national highway construction in the 1920s and the 1950s fuelled commerce and development, and created the suburbs. The first of India's most ambitious infrastructure project since the building of the railway network by the British in the 19th century is the building of the Golden Quadrilateral Highway. It connects four major cities - Delhi in the north, Kolkata in the east, Chennai in the south and Mumbai in the west. Along the way it runs through 13 states and 17 other cities with a million or more inhabitants, and is expected to be fully functional in 2007. The study concludes that the new highways from the Golden Quadrilateral Highway are expected to impact productivity in dramatic ways. For example, the expected

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build out of a network of highways are expected to reduce travel times by half, lower fuel costs and freight delivery times, and enable firms to leverage economies of scale. The new arteries are expected to attract economic activity, including hotels, gas stations and shops. The highways are expected to open up and out the closed worlds of Indian villages.

According to the World Bank, India's roads face major challenges:

- Lane capacity is insufficient and most highways are still two lanes or less.
- A quarter of all highways are congested to the point that truck traffic is greatly impeded.
- Currently, only one third of routine road maintenance needs are being met.
- Seventy percent of India's population lives in rural areas and forty percent of villages do not have access to all weather roads and are cut off during the monsoon season.
- In urban centers the dramatic growth in vehicle ownership (around 15% a year during the past decade) has reduced rush hour speeds to less than 10 mph in the central areas of major cities.
- The continued anticipated growth in the India economy will only exacerbate these trends unless significant new capital is deployed quickly.

**Source: World Bank (WB)**

	<b>Indian Road and Highway Assets</b>	
	<b>Period 2001-2011 Investment</b>	<b>Period 2011-2021 Investment</b>
	<b>(Amounts in USD millions)</b>	
<b>Expressways National Highways:</b>	\$ 6,742	\$ 15,730
Widening/maintenance	\$ 23,596	\$ 25,157
Expansion of NH system	\$ 3,371	\$ 4,045
<b>State Highways:</b>		
Widening/maintenance	\$ 15,730	\$ 25,843
Expansion of SH system	\$ 1,124	\$ 2,247
<b>Total</b>	<b>\$ 50,562</b>	<b>\$ 73,022</b>

Further, since the early 1990s India's growing economy has seen a rise in demand for transport infrastructure and services by around 10% a year. The sector has not been able to keep pace with rising demand and is proving to be a drag on the economy. Major improvements are required to support India's continued economic growth and to reduce poverty (WB). By the year 2011, the state and national highways will need to be widened and maintained at a cost of around \$40 billion. The replacement cost of India's highways is around \$53 billion. Given the value of the highway assets, and given the vital role that roads play in economic growth and alleviating poverty, India cannot afford to lose these assets. (WB).

In summary, the road building industry is at the cusp of a major growth thrust lasting, we believe, for the next decade. The road building industry is broadly divided into three areas, maintenance, road building and an approach taken by the government using a Build Operate and Transfer (BOT) mechanism that can attract private investment as well as rapidly build out world-class roads.

### ***Build Operate and Transfer (BOT)***

The total funding gap in creating and maintaining an adequate highway system is estimated at around \$24 billion over a decade (WB). The national highway system in India currently carries 40% of the total traffic, but constitutes only two percent of the total road network. To fill the funding gap, the government has begun to encourage private investments in the form of Build Operate and Transfer of highways (BOT). The government of India has already created an impressive list of roads requiring an investment of around \$23 billion that it expects to put out for bids as BOTs through the National Highway Authority India (NHAI), an organization charged with building out the national network of roads. The bidding process for a BOT, broadly, is as follows:

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- The NHAI identifies the end points and creates plans for a toll road, and solicits bids for these roads.
- The bidders must show prior experience, technical expertise, financial strength, appropriate inventory of equipment, experienced personal and logistics support among other factors, to qualify as a viable bidder.
- Once technically qualified the financial bids are opened and awarded.

The financial model is based on projecting revenue by taking into consideration the expected number of cars traveling on the highway, the growth of traffic over time, toll per car, which is based on government stipulated norms, cost of maintaining the highway, cost of building the highway, etc. Based on a financial model the potential bidder has three choices for the financial bid:

- the potential bidder can ask the government to subsidize the cost of building the highway by asking for concessions, or

- the potential bidder can subsidize the government by offering to share the toll revenue, or
- the bidder can offer to do neither.

The toll road is awarded to the bidder the government determines is the most, first, technically qualified and, second, most cost effective. The winning bidder collects toll for a period between 15 to 30 years, at the end of which the ownership of the highway is transferred to the government.

We see an opportunity to own a portfolio of BOTs, we believe that there are early mover advantages in the BOT sector and that we can, over the next several years, own a lucrative portfolio of BOTs. Further, as we will have visibility into the locations of our BOTs, we expect to also invest in the development of service areas along the highways. While the scale of BOTs that India is slated to offer is large, the associated services (hotels, office complexes, gas stations, restaurants, etc) along the toll roads also provide an expansive opportunity.

As part of our analysis we also looked at how serious the Government of India has been about addressing systemic risk, creating transparency and safeguarding foreign investments.

### ***Government Initiatives in Road Building***

The government of India, having recognized the need to provide transparency in the bidding process and attract foreign capital has implemented the following:

- 1) tax incentives on income from designated infrastructure projects;
- 2) deregulation of complimentary industries that are essential to such projects;
- 3) independent government oversight for the bidding process; and
- 4) fast track clearance for foreign investors in qualifying projects.

As these initiatives are in an early stage of implementation, the road-building sector provides a first mover advantage and provides an opportunity for investors to capture economic market-share at reasonable valuations.

According to the Economics Law Practice (ELP), some regulatory changes in this sector include:

- **The National Highways Act, 1956** has been amended to permit private entrepreneurs to undertake National Highway (NH) projects on a Build Operate and Transfer (BOT), sometimes referred to as Build Own Operate and Transfer (BOOT), basis and collect tolls. Under this Act, a simplified procedure has been prescribed for acquisition of land for the building, maintenance, management or operation of highways and separate provisions have been made for the levy and collection of fees for both public and private funded highways.
- **State legal framework:** The Indian Toll Act, 1851, makes it possible for State Governments to levy and collect tolls on any road or bridge that has been made or repaired at the expense of the Central Government or any State Government. However, the Act still needs to be amended by respective State Governments to allow the private sector to levy and collect tolls on State roads and bridges. Some State Governments have amended the Act □ for example Uttar Pradesh and Madhya Pradesh, and others have

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taken legal steps in order to promote private sector participation. In addition to amending the Indian Toll Act, some states (e.g. Andhra Pradesh, Gujarat, etc.) have taken steps to enact a uniform law for infrastructure development.

Further, the Indian Government has also enacted a series of far reaching measures to promote investment in roads. These include:

- 1) Automatic approval for foreign equity investments up to 100 per cent, and foreign commercial borrowing to the extent of 30 per cent of the project cost.
- 2) Granting road building the status of an "Industry."
- 3) Exemption from import duty on identified high quality construction plant and equipment, including duty free import of bitumen (used to make "asphalt").
- 4) The restriction on the maximum equity holding by a foreign company in an Indian joint venture has been lifted.

In order to lay the foundation for safeguarding foreign investments India has finalized the Investment Promotion and Protection Agreements (IPPA) with over 40 countries, including Mauritius and Canada, but not the US. This is one of the reasons that we expect to make our investments out of our wholly-owned subsidiary in Mauritius, IGC-M. Under the IPPA, setting up a joint venture or a 100% foreign owned subsidiary qualifies as an "investment," which offers free transferability, repatriations of funds and provides for dispute settlement mechanisms as well as increased protection against expropriation. Further, India places no restrictions on "current account" transactions. Payments under construction contracts are considered to be current account transactions and are therefore permitted.

### ***Sricon Infrastructure Private Limited (Sricon)***

Sricon is currently a small to medium size engineering and construction company. Sricon's main areas of business activity are road and infrastructure building, BOT projects, civil and engineering works for power plants, steel mills, sugar plants, building of water supply and treatment systems, mining and other heavy construction.

Sricon recently entered the BOT market by winning a contract to build a 25-mile state highway in the state of Maharashtra. The cost of the BOT is approximately \$6 million and is expected to be operational in late 2008 and Sricon is expected to collect toll for an ownership period of approximately 9 years and 11 months.

Sricon has already established the technical experience on a national basis to be a leading engineering and construction contractor of BOTs. We believe the company is well positioned to scale its operations in its main areas of business.

### ***History***

The promoters founded Vijay Engineering Enterprises in 1994. They founded Srivastava Construction Private Limited in 1996. In 2004, it changed its name to Sricon Infrastructure Private Limited and was merged with Vijay Engineering Enterprises. Apart from the maintenance and building of roads and highways:

- Sricon is one of a few companies in India that has the expertise to construct and overhaul high temperature cement plants;
- Sricon is also one of a few companies with expertise in the construction of jetties for overhauling ships on sea ports;
- Sricon has expertise in the mining of coal and iron ore; and
- Sricon is an ISO 9001:2000 accredited company.

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### ***Indicative Customer list***

National Highway Authority of India (NHAI)  
National Thermal Power Corporation (NTPC)  
Maharashtra- PWD, Gujarat- PWD, Orrisa- PWD, MP- PWD/RDA, among others.

- **Customers:** Over the past 10 years Sricon has qualified in all states in India and has worked in several, including Maharashtra, Gujarat, Orissa and Madhya Pradesh. The National Highway Authority of India (NHAI) awards contracts on a national level (interstate highways) and the National Thermal Power Corporation (NTPC) awards contracts for the civil works associated with power plants. NCL awards mining contracts. Intra-state contracts are awarded by agencies within the state. The table titled [Indicative Customer List] sets out some of Sricon's present and former customers. In the table, MP is the state of Madhya Pradesh and PWD stands for Public Works Department and RDA stands for Road Development Authority. Each state and some cities have a PWD/RDA and Sricon is registered across India and is qualified to bid on contracts anywhere in India.
- **Human Resources:** Sricon currently has a team of 282 technical and skilled individuals and deploys a labor force of around 600 unskilled individuals. It is located in the center of India, with easy access to all major metros around the country.
- **Strategic differentiation:** Sricon obtains all of its work through a process of bidding with agencies of the Indian federal, state, and local governments. Over the past 10 years, Sricon has created core competencies that differentiate it from its competition. Sricon established a national reach and an expertise in the building of jetties and docks at river and sea ports. It also established an expertise in the building and maintenance of high tech chimneys and high temperature cement plants, as well as mining of coal, limestone and iron ore. It then established a national presence and a brand in road maintenance and building, including the equipment and processes that today has resulted in brand equity among its key customers. Sricon has a track record of successful projects that in the aggregate establishes its technical qualifications on most future projects. From a technical qualifications perspective, management believes that Sricon is well positioned to specialize in certain areas, consistently win contracts in the road, highway sector, mining, construction of airports, sea ports and rapidly scale its operations, provided that it gets an adequate influx of capital.
- **Contract bidding process:** In order to create transparency, the Indian government has centralized the process for awarding contracts for the building of inter-state roads. The process is as follows:
  - At the [federal] level, as an example, the National Highway Authority of India (NHAI) puts out Statement of Work. The statement of work has a detailed description of the work to be performed as well as the time frame.
  - Two proposals are submitted, the first sets out technical capabilities, prior experience, specialized machinery and manpower, among other criteria and the second proposal sets out a financial bid.
  - The NHAI evaluates the technical bids and short lists technically qualified companies.
  - The short list of technically qualified companies are then invited to place a financial bid and show financial strength through revenue, net worth, and balance sheet. The financial bids are opened and typically the lowest bid wins the contract.
  - The process of bidding on a contract is capital intensive on the contractor as it must have the following financial resources: 1) earnest money deposit to show financial strength of between 2% to 10% of the project cost, 2) performance guarantee of between 5% and 10%, 3) working capital and 4) capital for plant and machinery.
  - Technical expertise, stable of equipment combined with financial resources can enable the company to bid on large highway construction contracts as well as the building of airports and sea ports, where the environment is frequently less competitive, technical expertise is greater and the margins are larger.

- The financial qualifications for bidding on larger projects are also determined by a limit that NHAI places on its contractors. As the contractor executes larger highways, the ceiling is lifted. For example, currently Sricon's ceiling is fairly high. It can bid on highway construction projects worth \$114 million each, if it has

the adequate financial resources. As and when it executes a \$114 million highway successfully, the ceiling will be lifted. We believe that the current ceiling is a competitive advantage, as Sricon can bid on highway, airport and sea port construction projects in the \$100 million range, providing substantial growth opportunities.

- **Management:** Sricon is currently a traditional Indian family-owned and managed business that is transitioning to a professionally run business. The officers and directors of the business have over a decade of road building and heavy construction experience. They have led the company from a small subcontractor, to a medium sized business. Our board of directors, after evaluating over 150 companies and associated management teams in India, believe that the management of Sricon, in particular its leadership team, is in large part poised to be successful in what we expect will be a meteoric raise in road building and BOT activity. We expect to combine Sricon's extensive in-country experience and road building expertise with our strategic, financing, structuring, and business process experience to lead the company in an exciting and dynamic environment. The leadership of Sricon is set out below:
- **Mr. Rabindralal B. Srivastava (54)** is Founder and Chairman. In 1974, he started his career in Larsen and Toubro (L&T), one of India's premier engineering and construction companies. In 1994, he became a civil engineering sub-contractor to L&T, as Vijay Engineering. He worked as a sub-contractor for L&T in Haldia, West Bengal and Tuticorin in South India among others. Under his leadership, Vijay Engineering expanded to include civil engineering and construction of power plants, water treatment plants, steel mills, sugar plants and mining. In 1996, Mr. Srivastava founded Srivastava Construction Limited, which in 2004 changed its name to Sricon Infrastructure to address the larger infrastructure needs in India like highway construction. He merged Vijay Engineering and Sricon in 2004. Mr. Srivastava graduated with a BSc. from Banaras University in 1974.
- Mr. Srivastava founded Hi-tech Pro-Oil Complex in 1996. The company is involved in the extraction of soy bean oil.
- He founded Aurobindo Laminations Limited in 2003. The company manufactures laminated particleboards.
- **Mr. Abhay Wakhare (36)** has been the General Manager of Finance and Accounting and the company secretary since 2004 where he is responsible for finance, accounting, human resources, and is the corporate secretary of the company. Mr. Wakhare has broad experience, having worked in several industries. From 2002-2004 he was the General Manager Finance, for the ammunitions manufacturing division of the Eros Group of companies. From 1999-2002, he was an entrepreneur having founded a perfume company. From 1996-1999, he was the chief executive officer of Disani Agro Limited, a \$50m pesticide and herbicide manufacturer. From 1994-1996, he was the Assistant General Manager Finance, at Hindustan Lever. Mr. Wakhare's education and qualifications are as follows: Bachelor of Commerce, 1990, Masters of Commerce, 1992, Nagpur University. 1993 Indian Institute of Cost Accountants. 1993, Chartered Financial Analyst. 1993, Bachelor of Law, Pune University. MBA, 1994, SIMB, Pune. Masters in Law 1996, Osmaniya University. MSc. Finance, 1997, Business School of Hyderabad.
- **Mr. Ajay Dhiman, (40)**, is Project Manager. He joined Sricon in 2006 and is responsible for the planning and oversight of highway construction. From 1994 to 2006, he held various positions including as the AE-Superintendent with the Border Road Organization, which is responsible for the construction and maintenance of all border roads in India. Mr. Dhiman graduated in 1994 from the Associate Member Institute of Engineers, Delhi with the equivalent of a B.E. (civil).
- **S.K. Dubey, (39)**, is General Manager (Projects). Since 1995, he has been responsible for Planning & Execution of Civil & Mechanical Engineering Projects. From 1992 to 1995, he was a Project Engineer with Reva Engineering Industries Pvt. Ltd. New Delhi. Mr. Dubey graduated from Pune University in 1990 with a BE.



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For the fiscal years ending March 31, 2005, 2006 and 2007, Sricon's overall revenue has been flat due primarily to financial constraints. The overall revenue for FY 2005, 2006 and 2007 have been about \$11.5 million, \$11.0 million and about \$10.6 million, respectively.

- **Gross margins:** Over the past two years Sricon borrowed money in order to buy heavy construction equipment, which in turn has allowed it to improve gross margin and position itself for the future. We expect to continue to purchase plant and machinery in order to further increase gross margins. Its gross margins for FY 2005, FY 2006, and FY 2007 were approximately 19.2%, 21.9% and 23.6%, respectively.
- **Depreciation:** There is a significant difference in the way that IGAAP treats depreciation and the way USGAAP treats depreciation. Under Indian accounting standards, companies depreciate assets over much longer periods. For example, buildings are depreciated over 58 years and 25 years in IGAAP and USGAAP respectively. Other differences include vehicles, furniture, and office equipment, which are depreciated over 20 years and 5 years in IGAAP and USGAAP respectively. This creates a difference in the earnings reported under IGAAP and USGAAP. Earnings will be reported in USGAAP subsequent to the Acquisition
- **Interest:** Sricon pays an average of 13.5% interest on its loans. In addition, it pays an average of 16.5% interest on plant and equipment that it leases. Not including lease payments, Sricon paid \$312 thousand, \$389 thousand and \$533 thousand in interest for FY 2005, 2006 and 2007, respectively.
- **Sricon's earnings for FY 2005, 2006, and 2007 are about \$544 thousand, \$482 thousand and \$410 thousand, respectively.** The decline in earnings over the past three years has been due to the increase in finance costs. It is our belief that by lowering the cost of capital and providing liquidity to the company, there will be a substantial improvement in earnings.

### *Projected financial performance*

The projections for Sricon, based on the present backlog of work on hand, are as follows:

- The projected revenue for the fiscal year ending March 31, 2008 is around \$22 million with after tax earnings of around \$2.8 million.
- The projected revenue for the fiscal year ending March 31, 2009 is around \$92 million with after tax earnings of around \$13 million, with the increase from 2008 expected to come from increased execution of the contracts into which Sricon has already entered.
- Sricon has a backlog of contracts to be completed worth approximately \$195 million not including the BOT. The major contracts are as follows:
  - for the construction of the Seoni-Lakhanadaon section of National Highway number seven (NH-7) valued at around \$18.25 million over the next eighteen months,
  - for the construction of the Seoni-Mandala section of NH-7 valued at around \$19.25 million over the next eighteen months,
  - for the construction and expansion of a part of the Nagpur to Hyderabad section of NH-7 valued at around \$35 million over the next 21 months,
  - the Northern Coal Limited contract for evacuation and partial mining of coal valued at around \$62.5 million over the next 36 months, and
  - three cement plant contracts with a total back log of around \$60 million over 36 months.
- At the end of FY 2009 (March 31, 2009), we anticipate that the backlog of current contracts will be around \$80.8 million. The following shows the projected revenue, by project, of the backlogged work for fiscal years 2008 and 2009, and the projected earnings from these projects in total:

*Sricon projections*

	First half FY 2008 April 1-September 30, 2007 (Actual)	Second half FY 2008 (October 07-March 2008)	FY 2008 (ending March 31, 2008)	FY 2009 (ending March 31, 2009)
Rajeshree cement plant	\$0.00m	\$0.75m	\$ 0.75m	\$ 5.00m
Rajula cement plant	\$1.61m	\$3.82m	\$ 5.43m	\$ 7.50m
Avapur cement plant	\$2.00m	\$2.57m	\$ 4.57m	\$ 7.50m
Northern coal limited	\$0.40m	\$1.20m	\$ 1.60m	\$19.00m
Part of NH 7- bridge	\$0.00m	\$0.00m	\$ 0.00m	\$11.25m
Part of NH-7	\$2.85m	\$3.81m	\$ 6.66m	\$13.75m
Seoni-Lakhadaon HH-7	\$0.00m	\$1.00m	\$ 1.00m	\$13.75m
Seoni-Mandala HH-7	\$0.00m	\$1.00m	\$ 1.00m	\$13.75m
Other Income	\$0.43m	\$0.25m	\$ 0.68m	\$ 1.00m
Projected revenue	\$7.29m	\$14.4m	\$ 21.7m	\$ 92.5m
Projected earnings			\$ 2.8m	\$ 13.0m

- **Short/Medium Term Margin Expansion:** We project an improvement in earnings margins from 3-5% to between 14-18% on a post tax basis for the following reasons:
  - Typically, Sricon pays between 1% and 2% a month more on raw materials because it does not have the cash to pre-pay or pay vendors on a current basis. Adequate capital provides leverage with vendors that results in purchasing power. Sricon expects to reduce its overall cost of raw materials, which would result in an increase in margins of about 5%.
  - Sricon expects to become more vertical by adding machinery like crushers, which would allow Sricon to make its own aggregate. This increases cost efficiency and productivity, which translates into added margin. It is estimated that this will result in an overall improvement in margins of approximately 3%.
  - Sricon expects to reduce its overall cost of capital. It expects to reduce its interest rate from an average 13.5% to around 9% through an improved balance sheet resulting from the infusion of capital from the acquisition and the ability to access less expensive lending sources in the United States. It also expects to reduce the cost of leasing equipment by purchasing plant and machinery. We project an increase in margins of between 5-7% from a reduction of the overall cost of capital.

**Techni Bharathi Limited (TBL):***History*

TBL was founded in 1982. TBL is currently a regional competitor in the infrastructure industry with experience in the states of Kerala, Tamilnadu, Karnataka and Assam. TBL's main areas of business activity includes highway construction, civil and engineering works for power plants, tunnels, bridges, airports, dams, railroad construction townships, irrigation and other heavy construction.

*TBL Indicative Customer list*

National Highway Authority of India (NHAI)  
Konkan Railway Corporation and the Southern Railway.  
Karnataka- PWD, Kerala- PWD, Assam- PWD, Tamilnadu PWD, among others.  
National Thermal Power Corporation.  
Cochin International airport Limited

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- **Customers:** Over the past 10 years, TBL has focused on four states: Karnataka, Tamilnadu, Kerala and Assam. The table titled "TBL Indicative Customer List" sets out some of TBL's present and former customers.
  - **Human Resources:** TBL currently has a team of 110 technical and skilled individuals and deploys a labor force of around 250 unskilled individuals. It is located in the south of India, with easy access to all major Indian metropolitan areas.
  - **Strategic differentiation:** TBL obtains all of its work through a process of bidding with agencies of the Indian federal, state and local governments. Over the past 25 years, TBL has created core competencies that differentiate it from the competition. It has core competencies in the construction of highways, irrigation projects and railroads. From a technical qualifications perspective, management believes that TBL is well positioned to specialize in certain areas and consistently win contracts in the road, highway, irrigation, railroad and power sectors and rapidly scale its operations, provided that it gets an adequate influx of capital.
  - **Management:** TBL is currently a traditional Indian family-owned and managed business that is transitioning to a professionally run business. The officers and directors of the business have over a decade of road building and heavy construction experience. They have led the company from a small sub-contractor, to a medium sized business. Our board of directors, after evaluating over 150 companies and associated management teams in India, believe that the management of TBL, in particular its leadership team, is in large part poised to be successful in what we expect will be a significant raise in road building, BOT and heavy construction activity. We expect to combine TBL's extensive in-country experience with IGC's strategic, financing, structuring, and business process experience to lead the company in an exciting and dynamic environment. The leadership of TBL is set out below:
  - **Mr. V.C Antony (76)** is Chairman. Mr. Antony brings over 50 years of experience in the construction of highways, bridges, dams, railroads and offshore platforms. He is the founder of TBL and became its Chairman in 1991. In 1976 he became Founder, Chairman and Managing Director of Bhagheeratha Engineering. In 1990 he took it public on the Bombay Stock Exchange. Under his leadership, Bhagheeratha grew to be one of the 10 largest construction companies in India. He expanded Bhagheeratha into the Middle East, specifically Iraq, UAE, Qatar and Yemen. Mr. Antony retired as the Managing Director in 1997. Mr. Antony became the South Zone Chairman of the Confederation of Indian Industry (CII) in 1991. He is currently on the board of the Lakeshore Hospital and Research Centre in Kerala, India.
  - **Mr. Jortin Antony (40)** is the son of V.C. Antony. He has been the Managing Director of TBL since 2000. Prior to that he held various positions at Bhagheeratha starting as a management trainee in 1991. From 1997 to 2000 he was the Director of Projects at Bhagheeratha. In 2003, Mr. Jortin Antony was awarded the Young Entrepreneur Award from the Rashtra Deepika. He graduated with a B.Eng, in 1991, from Bangalore Institute of Technology, University of Bangalore.
  - **Mr. Benoi Madhavan (44)** joined Techni Bharathi Limited as General Manager (Technical) in December 2006. He has been responsible for preparing bids, budgets and technical monitoring of contracts. From February 2004 to December 2006, he was the Deputy General Manager in Aarvee Associates, Hyderabad, a company engaged as a consultant to the National Highways Authority of India (NHAI). From 1998 to 2004, he was with TBL as Manager (Contracts & Projects). Mr. Madhavan graduated in 1987 from the University of Calicut, Kerala with a BEng in Civil Engineering. He is a member of the Institution of Engineers and the Indian Road Congress.
  - **Mr. Alex Antony (40)** is a cousin of Jortin Antony. He has been with TBL since 1995. Since 2004, he has been Vice President (Contracts), responsible for contract administration and co-ordination of various projects of the company. From 1995 - 2004, he was Vice President (Operations). From 1992 - 1995, he worked as General Manager, Kairali Orchids Private Limited a floriculture business. Mr. Alex Antony graduated in 1987 from Gandhi University, Kerala, India.

- **Mr. M Santhosh Kumar (41)** has been with TBL since 1991. Since 2002, he has been the Deputy Manager (Finance and Accounting). From 2000 to 2002, he was the Marketing Executive for Techni Soft (India) Limited, a subsidiary of Techni Bharathi Limited. From 1991 to 2000, he held various positions at TBL in the Finance and Accounting department. From 1986 to 1991, he worked as an accountant in the Chartered Accounting firm of Balan and Company. In 1986, Mr. Santhoshkumar graduated with a BA in Commerce from Gandhi University, Kerala, India.

#### *Past financial performance*

For the fiscal years ending March 31, 2005, 2006 and 2007, TBL's overall revenue has been \$8.9 million, \$2.3 million and about \$4.3 million, respectively.

- **Gross Margins:** For FY 2005, 2006 and 2007, TBL's gross margins were (\$1.1 million), (\$0.3 million) and \$1.7 million, respectively.
- **Interest:** TBL pays an average of 14% interest on its loans. In addition, it pays an average of 16% on plant and equipment that it leases. Not including lease payments, TBL paid \$1.9 million, \$1.5 million and \$1.1 million in interest for FY 2005, 2006 and 2007, respectively. As a percentage of revenue interest payment in FY 2005, 2006 and FY 2007 were about 21%, 67% and 26%, respectively. It is our belief that by appropriately reducing the leverage and reducing the cost of capital, TBL will be able to increase its profitability.
- **Bank Loans:** TBL has been restructuring and continues to restructure its debt. In FY 2005, FY 2006 and FY 2007 the long-term component of debt was \$3.9 million, \$3.7 million and \$2.3 million, respectively. TBL's total liabilities at FYE 2006, FYE 2007 and September 30, 2007 were approximately \$16 million, \$12 million and \$8 million, respectively. The reduction of was achieved through : 1) the sale of real estate assets, 2) the sale of shares to Odeon and 3) discounts obtained from banks for one time settlements.
- TBL's earnings for FY 2005, 2006, and 2007 were about (\$3.3 million), (\$2.3 million) and \$0.5 million, respectively. It is our belief that by lowering the cost of capital and providing liquidity to the company, there will be a substantial improvement in earnings.

#### *Projected financial performance*

The projections for TBL, based on the present backlog of work on hand, are as follows:

- The projected revenue for the fiscal year ending March 31, 2008 is around \$8.5 million with after tax earnings of around \$3.2 million.
- The projected revenue for the fiscal year ending March 31, 2009 is around \$28 million with after tax earnings of around \$3.6 million.
- TBL has a backlog of contracts to be completed of approximately \$47 million. The major contracts are as follows:
  - for the partial construction of NH 54 in Assam, valued around \$36 million over the next eighteen months, and
  - for the partial construction of the Tiruneivi road, valued at around \$11 million over the next eighteen months.
- The following is a projection of the revenue and earnings of TBL, based on the current back log, and IGC funding, through fiscal year 2009:

*TBL projections*

	<b>First half FY 2008</b> <b>April 1-September 30,</b> <b>2007 (Actual)</b>	<b>Second half FY 2008</b> <b>(October 07-March</b> <b>2008)</b>	<b>FY 2008 (ending</b> <b>March 31, 2008)</b>	<b>FY 2009 (ending</b> <b>March 31, 2009)</b>
	<b>(In millions of US dollars)</b>			
Anuva Anganali road	\$ 0.35	\$ 0.00	\$0.35	\$ 0.00
Cochin International Airport	\$ 2.50	\$ 0.00	\$2.50	\$ 0.00
NH 54 Assam road	\$ 0.00	\$ 0.00	\$0.00	\$ 10.50
NH 54 Assam road (JV)	\$ 0.00	\$ 1.30	\$1.30	\$ 12.50
Tirunelvi road	\$ 0.00	\$ 1.70	\$1.70	\$ 4.25
Other Income	\$ 2.69	\$ 0.00	\$2.69	\$ 0.30
Projected revenue	\$ 5.54	\$ 3.00	\$ 8.5	\$ 27.6
Projected earnings			\$ 3.2	\$ 3.6

*Short/Medium Term Margin Expansion*

We project an improvement in earnings margins from 3-5% to between 13-15% on a post tax basis for the following reasons:

- Typically, TBL pays between 1 and 3 percent a month more on raw materials because it does not have the cash to pre-pay or pay vendors on a current basis. Adequate capital provides leverage with vendors that result in purchasing power, and an anticipated increase in margin of an estimated 5%.
- TBL expects to add plant and machinery enhancing productivity and resulting in an estimated margin improvement of around 3%.
- In FY 2007, TBL's interest payments were around 26% of revenue. We expect to decrease interest costs through a progressive improvement of the balance sheet, reduced debt levels resulting from the infusion of capital from IGC and our ability to access less expensive lending sources in the United States. We expect these efforts to result in margin improvement of approximately 5%.
- We expect to increase G&A in the short term by an additional 3% of revenue.

**DUE DILIGENCE AND VALUATION**

Our board members Ram Mukunda and Richard Prins are highly experienced in matters involving valuation of companies and performance of the requisite due diligence to arrive at such valuations.

- Our President and Chief Executive Officer, Ram Mukunda has over 10 years of international experience acquiring and integrating acquisitions. He has led teams that conducted due diligence, valuations, made acquisitions and integrated minority and majority stakes of companies in the US, India, Germany, France, Hong Kong, Guam and Canada. He has led and managed several multimillion-dollar international business transactions involving high growth, business restructuring, turn around, cost reduction, corporate governance and off-shoring strategies. He has led public companies through capital raises, high growth, restructuring, involving both organic and inorganic expansion. He has been on the sell-side and buy-side of an acquisition. His experience has helped him gain valuable insight in creating business models, evaluating risk, conducting due diligence and the principals of evaluating and valuing businesses.
- Our board director Dick Prins, over the past 24 years, has been involved in valuing companies, rendering fairness opinions, conducting due diligence and practically all services related to mergers and acquisitions. Specifically, he analyzed and valued companies for five years at the leveraged buyout firm of

Tuscarora Corporation. For eight years he led the investment banking team at Crestar Financial Corporation that conducted valuations and due diligence as well as helped companies acquire and sell business. For the past eleven years he has been involved in all aspects of mergers and acquisitions at the firm of Ferris, Baker Watts, where he is the Director of Investment Banking.

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In conducting due diligence and arriving at a valuation, we retained the services of the following:

- The firm of Economic Laws Practice (ELP) is a law firm in India with offices in Mumbai and Delhi. One of their Partners, Suhail Nathani, is a director on our board. The Partner responsible for our matters, Sujjain Talwar, has teams that specialize in conducting legal due diligence, negotiating and drafting agreements, mergers and acquisitions, and general Indian corporate law. The firm was responsible for conducting legal due diligence on Sricon and TBL. The firm was also responsible for drafting the acquisition agreements and ensuring compliance with Indian law. Sujjain Talwar and Suhail Nathani were also responsible for legal negotiations with Sricon and TBL and their respective legal representatives.
- Ferris, Baker Watts (FBW) based in the U.S. assisted in due diligence, valuation and feed back on our acquisitions from a US public markets perspective. Mr. Prins is Director of Investment Banking at FBW and also a director on our board.
- Mercurius Advisory Services based in Delhi, India, was responsible for conducting financial due diligence and helping the accounting staff at Sricon and TBL prepare USGAAP statements, schedules and the requisite back-up required for a successful USGAAP audit. The principals at Mercurius are individuals with prior experience at the accounting firm of Price Waterhouse, Coopers. Their clients include several multi national companies located in India. Mercurius was also responsible for modeling the future earnings of Sricon and TBL.
- Tamilnadu Financial Services Limited (TFS), was hired by us to conduct due diligence and manage the financial workflow at TBL. TFS was asked to focus on the ongoing negotiations between TBL and their bankers and to assess the risk and feasibility of bank settlements as well as to evaluate the probability of collecting on delay claims filed by TBL, as these are important qualitative considerations that impacted our offer to TBL.
- PCAOB listed audit firm Yoganandh & Ram based in Chennai, India, was responsible for conducting a three-year USGAAP audit of Sricon and TBL.
- Société Générale (SG), acting through its M&A team located in Singapore. SG helped us analyze various industry sectors, assess potential targets, assisted in developing negotiating strategies, provided market intelligence and provided inputs on comparable industry valuation parameters for certain assets. SG was not requested, nor did it render or deliver any valuation or fairness opinion, nor did it provide any valuation or appraisal services whatsoever in respect of any potential target company or any of its assets.

Based on the extensive resources devoted to evaluating and conducting due diligence of all our acquisition candidates, we decided not to devote additional resources and engage an investment bank to render a fairness opinion, instead we relied on the team consisting of Ram Mukunda, Dick Prins, FBW, Mercurius Advisory Services, ELP and TFS to value the companies.

## Valuation Analysis

According to the underwriting agreement we entered into in connection with our initial public offering, our initial target business or businesses in the aggregate must have a fair market value, as determined by our board of directors, equal to at least 80% of our net assets at the time of the business combination. The value of the equity interest we propose to acquire in Sricon and TBL was calculated, during negotiations with the companies, in the aggregate, at \$113.6 million, which represents 169% of our net assets as of September 30, 2007.

Our approach to valuing the companies, consisted first of an analysis of the infrastructure sector in India, this included analyzing historical growth, future growth, competitive landscape, market size, and an analysis of the companies that are publicly traded on the Indian stock market. We then analyzed the US market for comparable

companies and considered the multiples at which the U.S. companies trade on the U.S. stock exchange. We then considered, qualitatively, the different types of risks including the following:

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- Country/political risk consists of the likelihood that our business would be affected adversely from mass riots, civil war, currency devaluation, regulatory changes etc. While this risk would apply to all companies in India its impact on the infrastructure sector could be more than a sector like Information Technology (IT) or Business Process Outsourcing (BPO). For example, civil disturbance is likely to hurt our business, versus a business in IT or BPO.
- Currency risk consists of risk associated with the relative value of the Indian Rupee versus the U.S. dollar. We determined that while a likely increase in value of the Indian Rupee could potentially hurt other sectors like IT or BPO, it would actually benefit the Infrastructure sector as raw materials and heavy machinery are imported into India.
- Labor risk consists of risk associated with labor. This is an important risk factor as certain aspects of the business depend on a large unskilled labor-force. We determined that this risk while real, was a risk factor that potentially was limited to certain states in India where Sricon and TBL did not have much, if any, business.
- Risk associated with clients (collection risk) was determined to be relatively low as most of the contracts that are awarded are by companies owned by the government. While we perceived a likely hood of payment delays, we did not expect any defaults. We also determined that our two companies were not at risk, as they did not have any contracts with states that had a higher likelihood of default.
- We analyzed the transparency of the contract award process in India and determined that the government had overhauled the process and introduced a great deal of transparency including sealed bids and strict guidelines for technical qualifications as well as stringent rules for financial qualifications.

Based on the market outlook and a qualitative analysis of risk the board decided that the infrastructure sector would be very attractive to our shareholders.

We used three methodologies, peer group multiples, comparable transaction and discounted cash flow, for valuing Sricon and TBL.

### **Public Peer Group**

The valuation of Sricon and TBL involved comparing these companies to the peer group of companies that were publicly traded on the Indian stock market and the price earnings multiple for the Fiscal Year Ending (FYE) March 31, 2009. We focused on the Fiscal Year Ending March 31, 2009 (FYE 2009), as that would be the first full year post funding. The FYE 2009, trading multiples (source: Bloomberg) for each of the companies in the peer group are shown below as of August 27, 2007, the date just before we signed a letter of intent with Sricon. We also show the FYE 2009 trading multiple as of December 28, 2007 (source: Bloomberg) to update and illustrate the dramatic increase in value of infrastructure companies between August and December of 2007. The aggregate stock price of the peer group as a whole has increased over 197% between August and December 2007. We also applied the analysis to the FYE 2008. Below, P/E refers to the Price Earnings Ratio. The P/E ratios are shown for FYE March 31, 2009 as of August 27, 2007 and December 28, 2007. We also provide the P/E ratios for FYE March 31, 2008 as of August 27, 2007 and as of December 28, 2007. (source: Bloomberg).

Name of Company	P/E for FYE 2009	P/E for FYE 2009	P/E for FYE 2008	P/E for FYE 2008
	as of August 27, 2007	as of December 28, 2007	as of August 27, 2007	as of December 28, 2007
IVRCL Infrastructure	18.9	27.1	25.4	36.4
JMC Projects	10.4	19.2	17.7	32.6
B.L. Kashyap	11.6	26.3	16.8	38.3

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Madhucon Infrastructure	9.8	24.9	14.9	38.2
Nagarjuna construction	16.8	30.4	22.4	40.6
Gammon India	22.8	31.8	30.8	43.0
Hidustan Construction	21.8	39.0	34.1	60.9
Patel Engineering	16.6	37.5	22.1	50.1
Sadbhav Engineering	11.1	23.0	15.5	32.0
Simplex infrastructure	10.5	19.7	19.0	35.5
Average	15.0	27.9	21.9	40.8

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Based on detailed discussions with the management of Sricon and TBL, we developed a model of their FYE 2009 revenue and earnings based on contracts in hand.

Based on our due diligence and development of a model for FYE 2009, we projected Sricon's earnings at \$13.03 million and TBL's earnings at \$3.57 million. Applying the average public market multiple of 15.0 times earnings resulted in a valuation of \$195.9 million and \$53.7 million for Sricon and TBL respectively. We propose to acquire 63% of Sricon and 77% of TBL. This results in a value for IGC's portion of Sricon at about \$123.4 million and about \$41.3 million for IGC's ownership of TBL, or a combined value of \$164.7 million.

We modified the aggregate value of \$164.7 million using three factors; a private company discount factor, a scale factor and a control premium factor. Each is discussed below. The private company discount factor is generally arrived at using:

- **Market liquidity:** As both Sricon and TBL are private, their stock is illiquid contributing to a discount in its value over the value calculated using public market metrics.
- **Capital structure:** Both Sricon and TBL have been paying interest rates that are higher than the public companies. Further, they are leveraged to a greater extent than their public company counterparts. While, it is expected that IGC will use its balance sheet to reduce the overall cost of capital for Sricon and TBL and will normalize the capital structure to make it comparable to the public companies, their capital structure contributes to a discount over public market multiples.
- **Profitability:** Both Sricon and TBL have been run as private companies optimized for minimal tax, we would expect to run these companies as public companies seeking to maximize profit. This also results in a discount over public company multiples.
- **Operations:** The peer group, while in the same industry as Sricon and TBL, tend to have products, services and revenue mix that are broader than Sricon and TBL. These result in a discount over the public market multiples.
- **Scale:** Both Sricon and TBL are smaller than the public market peer group resulting in a different risk profile. While the capitalization that IGC will provide is expected to remove financial risk, the risk of scaling operations will remain. This also results in a discount over the public market multiples.

We qualitatively assessed the discount factor for the first four factors (market liquidity, capital structure, profitability and operations) at 20%. This discount is consistent with private-public market discounts in India, as estimated by our advisors. For the fourth factor, Scale, we added an additional 20%. We arrived at this by analyzing the trading discount of smaller companies over the average. For example on August 27, 2007 the smaller companies were trading at an aggregate average of 20%, to the overall average.

In the case of Sricon and TBL we are purchasing a controlling interest of these companies. Further, even in the event that all the management shares over the next several years are awarded to the management of Sricon and TBL, IGC would continue to hold a controlling interest in these companies. Typical control premiums in India are between 10% and 20%, as estimated by our advisors. We used the premium at the lower end of the range of 10%.



Combining all three of the factors we arrived at an overall private market discount of 30.0% for Sricon and TBL, compared to the public peer group. Applying this discount we arrived at a value of \$86.4 million for the IGC ownership in Sricon and \$28.9 million for the IGC ownership of TBL. This resulted in a combined value of \$115.3 million for the IGC ownership in both these companies. This corresponds to a valuation for Sricon that is 129% of the amount of money in escrow as on September 30, 2007 and a valuation for TBL of 43% of the money in escrow. The combined valuation of \$115.3 million is 172% of the money in escrow. The total amount of money in escrow as on September 30, 2007 is \$67,091,690.

Since August 2007 the Indian market and specifically the infrastructure sector has increased in value considerably. For example, on August 27, 2007 the aggregate stock price of the peer group was INR 3,858.5 (about USD 96.5) and on December 28, 2007 the aggregate stock price was INR 7,617 (about USD 190.4) an increase of 197% (source: Bloomberg). The peer group analysis on December 28, 2007 results in a value of IGC's portion in Sricon at \$160.3 million or 239% of escrow and the IGC's value in TBL at \$53.7 million or 80% of escrow. The aggregate value of the two acquisitions would be \$214.0 million or 319% of escrow.

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Applying the analysis to FYE March 31, 2008 yields a value for the combined companies at \$36.5 million or 54% of escrow. The analysis for FYE March 31, 2008 as of December 28, 2007, for the combined companies, yields a value of \$68.0 million or 101% of escrow.

### **Comparable Transactions**

This is an analysis, which involves a review of merger, acquisition and asset purchase transactions involving target companies that are in industries related to Sricon and TBL. This type of analysis generally provides a wide range of value, because of the varying importance of an acquisition to a buyer. For example, a strategic buyer may be willing to pay more than a financial buyer. In addition there are potential differences in the transaction process based on how competitive a bid may become. Information involving private buyers and sellers are not typically disclosed unless they involve a public company and the transaction is deemed to be material. As a result, the selected comparable transaction analysis is limited to transactions involving investments made by private equity into public companies, in a private transaction.

For this analysis, the Company has selected the following list of indicative transactions for comparison purposes. The information included in the following table has been obtained by the Company from publicly available information. The individual transactions and any transaction-specific information included in such table were selected for inclusion in this Proxy Statement by the Company after consultation with FBW.

Although the comparable transaction analysis is inherently based on incomplete information, it does provide insight into the types of investments that have been carried out in India. While some of the companies listed below are not in our original peer group, they provide valuable information. The following is a list of transactions and the dates on which they were announced.

<b>Announcement</b>			<b>%</b>	<b>Acq. Price/</b>
<b>Date</b>	<b>Buyer</b>	<b>Target</b>	<b>Acquired</b>	<b>FY Net Profit</b>
28-Aug-07	Blackstone	Nagarjuna construction	8.9%	47.5X
12-Jul-07	CVIGP II Client Rosehill Ltd.	Subhash Projects & Marketing	9.6%	20.6X
13-Feb-07	AMIF Ltd	Kalindee Rail Nirman	15.2%	44.8X
27-Dec-05	Consortium	Unitech Ltd	14.3%	33.5X
8-Aug-05	Beethoven Ltd	Simplex Infrastructure	15.0%	24.7X
12-Oct-04	Italian-Thai Development	ITD Cementation	80.4%	20.3X
5-Oct-04	Chrys Capital III LLC	Gammon India	14.6%	42.2X
	Average			31.4X

Source: Bloomberg, news articles from Factiva and company financial statements.

The average of private transactions carried out in India show an average multiple of 31.4 times current year's earnings. There is not enough information to assess what the multiples were for earnings one year out. However, we estimated conservatively that if earnings were to double in the year following the investment the average multiple would have been around 15.7, slightly higher than the 15.0 used in the peer group analysis. Applying the methodology to Sricon and TBL, using the same discount and premiums used in the peer group analysis to adjust from public multiples to private multiples, yields an aggregate value of \$120.4 million or 179% of escrow. This analysis is unchanged as of December 28, 2007. Applying the analysis to FYE 2008 yields a value of \$52.4 million or 78% of escrow. The total amount of money in escrow as on September 30, 2007 is \$67,091,690.

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### **Discounted Cash Flow**

The third methodology used was a discounted cash flow (DCF) methodology. A DCF estimates value based upon a company's free cash flow discounted at a rate reflecting risks inherent in its business and capital structure. The analysis used unlevered free cash flow after estimated capital expenditures. This represents the amount of cash generated and available for interest, principal and dividend payments after providing for on going business operations and capital expenditures. While a DCF analysis is the most scientific of the methodologies used, it is dependent on projections and numerous industry specific and macroeconomic factors.

A standard DCF analysis was used to determine the value of Sricon and TBL's equity on the basis of its financial results and projected estimates of revenue and net profit for the fiscal years 2009, 2010, 2011. Key inputs used in the DCF analysis were the projections for revenue and net profit for the next three fiscal years and the cost of equity for the two companies using standard market data. The key assumptions for projecting revenue and profit were a) the successful completion of the backlogs, b) new contracts based on management's estimates, c) a continuing commitment by the Indian Government to build out infrastructure.

As of March 31, 2007 the Indian market returned 15.9%. The "risk free" rate in India was around 8.0%. This yields an equity risk premium of 7.9%. We calculated the beta for our peer group at 1.22 (source: Bloomberg) and used the Capital Asset Pricing Model to derive a cost of equity of 17.7% for our industry group. We then made adjustments for illiquidity and derived an over all discount rate of 18.52%. We applied this discount rate to DCF valuation for the IGC portion of Sricon and TBL. The DCF yielded a valuation of \$73.4 million and \$31.4 million for the IGC portion of Sricon and TBL respectively, and an aggregate valuation of \$105.0 million or 157% of escrow. The analysis remains unchanged as of December 28, 2007. Applying the DCF analysis to the FYE 2008, 2009 and 2010 yields a value for the combined companies at \$120.2 million or 179% of escrow.

All three valuation methodologies are relevant in their own way and provide useful information, we combined all three analyses, allocating each analysis an equal weight of 33.33%. Based on the analysis described the board recommended that the acquisitions, as providing the stockholders considerable value and in the aggregate meeting the 80% threshold. The results are summarized below for the FYE March 31, 2009, FYE March 31, 2008 as of August 27, 2007 and as of December 28, 2007.

	<b>As of August 27, 2007</b>	<b>As of December 28, 2007</b>
FYE March 31, 2009	169% of escrow*	218% of escrow*
FYE March 31, 2008	84% of escrow*	100% of escrow*

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\*As measured against Escrow as on September 30, 2007, which was equal to \$67,091,690.

Any estimates contained in the analysis were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth in the analysis. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

### **APPRAISAL OR DISSENTERS RIGHTS**

No appraisal rights are available under the Maryland General Corporation Law for our stockholders in connection with the Acquisition Proposal. However, pursuant to our articles, stockholders voting against the transaction may convert their shares to cash. See [Conversion Rights]

#### **UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE ACQUISITION**

As the stockholders of IGC are not receiving any consideration or exchanging any of their outstanding securities in connection with the Acquisition, and are simply being asked to vote on the matter, it is not expected that the stockholders will have any US federal income tax related issues as a result of voting on these matters. However, if you vote against the Acquisition Proposal and elect a cash conversion of your common stock into your pro-rata portion of the trust account and as a result receive cash in exchange for your common stock, you may have to recognize gain or loss on your investment in IGC shares. **WE URGE YOU TO CONSULT YOUR OWN TAX ADVISORS REGARDING YOUR PARTICULAR TAX CONSEQUENCES.**

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#### **REGULATORY MATTERS**

The Acquisition and related transactions are not subject to any federal or state regulatory requirement or approval, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act).

#### **CONSEQUENCES IF ACQUISITION PROPOSAL IS NOT APPROVED**

If stockholders do not approve the Acquisition Proposal, we will not acquire Sricon and TBL. Pursuant to our amended and restated certificate of incorporation, if we do not effect a business combination by March 8, 2008, then pursuant to our certificate of incorporation, our officers and directors must take all actions necessary to promptly dissolve and liquidate IGC.

#### **RECOMMENDATION**

For the reasons described above, among others, we believe that the Acquisition is attractively valued, and that our stock is currently trading at a marked discount to that of companies that are comparable to the company that would result from the Acquisition. We also note that our common stock has recently been trading near or below the inherent cash value of a common share, which is the estimated amount of cash held in the trust fund that would be payable for each common share if we were to liquidate, subject to potential claims of creditors. Accordingly, after careful consideration, our board of directors has determined unanimously that the Acquisition Proposal is fair to, and in our best interest and those of our stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE [FOR] THE ACQUISITION PROPOSAL.**

#### **THE ACQUISITION AGREEMENTS**

The following summarizes the material provisions of the agreements between us and Sricon, TBL and Odeon relating to the Acquisition Proposal.

The agreements, as amended, are attached as Annexes A-I to this proxy statement. All stockholders are encouraged to read the agreements, as amended, in their entirety.

These agreements have been included to provide you with information regarding their terms. It is not intended to provide any other factual information about us. Such information can be found elsewhere in this proxy statement and in the other public filings we make with the Securities and Exchange Commission, or SEC, which are available without charge at [www.sec.gov](http://www.sec.gov).

#### **ACQUISITION OF SHARES OF SRICON INFRASTRUCTURE PRIVATE LIMITED**

## **Sricon Share Subscription Cum Purchase Agreement**

On September 21, 2007, India Globalization Capital, Inc. ("IGC") entered into a Share Subscription Cum Purchase Agreement (the "Sricon Subscription Agreement") dated as of September 15, 2007 with Sricon Infrastructure Private Limited ("Sricon") and certain individuals (collectively, the "Promoters"), pursuant to which IGC will acquire (the "Sricon Acquisition") 041,676 newly-issued equity shares (the "New Sricon Shares") directly from Sricon and 351,840 equity shares from Mr. R. L. Srivastava (the "Sale Shares" and collectively with the New Sricon Shares, the "Sricon Shares") so that at the conclusion of the transactions contemplated by the Sricon Subscription Agreement IGC will own approximately 63% of the outstanding equity shares of Sricon. On December 19, 2007, IGC entered into an Amendment to the Sricon Subscription Agreement dated as of December 19, 2007 (the "Sricon Amendment"). On January 14, 2008, IGC entered into a Second Amendment to the Sricon Subscription Agreement dated as of January 14, 2008 (the "Second Sricon Amendment")

The Sricon Acquisition is expected to be consummated during early 2008, after the required approval by IGC's stockholders and the fulfillment of certain other conditions, as discussed in greater detail herein.

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The following description summarizes the material provisions of the Sricon Subscription Agreement. Stockholders should read carefully the Sricon Subscription Agreement, the Sricon Amendment and the Second Sricon Amendment, which are attached as Annex A, Annex B, and Annex C respectively to this Proxy Statement. The Sricon Subscription Agreement contains representations and warranties that IGC, on the one hand, and Sricon and the Promoters, on the other hand, have made to one another and are for the benefit of such parties only, and may not be relied upon by any other person. The assertions embodied in the representations and warranties contained in the Sricon Subscription Agreement are qualified by information in disclosure schedules to the Sricon Subscription Agreement. Although IGC does not believe the disclosure schedules contain information the securities laws require IGC to publicly disclose, the disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Sricon Subscription Agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since the representations and warranties are subject in important part to the underlying disclosure schedules. The disclosure schedules contain nonpublic information. Information concerning the subject matter of the representations and warranties may change following the date of the Sricon Subscription Agreement, and subsequent information may or may not be fully reflected in IGC's public disclosures.

### **Purchase Price & Payment**

At closing, the purchase price for the Sricon Shares is INR 1,150,000,000 (approximately US \$28,750,000 based on a conversion ratio of approximately \$.025 per INR), payable as follows:

- INR 120,000,000 (US \$3.0 million at current exchange rates) in cash at closing for the Sale Shares, representing a price per share of INR 341.06 (roughly \$8.53 at current exchange rates); and
- INR 1,030,000,000 (US \$25.75 million at current exchange rates) in cash at closing for the New Sricon Shares, representing a price per share of INR 254.84 (roughly \$6.37 at current exchange rates).

### **Closing of the Sricon Acquisition**

The closing of the Sricon Acquisition will take place on a date mutually agreed upon by IGC, Sricon and the Promoters, following the satisfaction of certain customary closing conditions, which date shall be no later than 15 days after the satisfaction of such conditions unless the parties agree to a later date.

### **Representations and Warranties**

The Sricon Subscription Agreement contains representations and warranties of each of IGC, Sricon and the promoters (on their own behalf and on behalf of Sricon and its affiliates), including with respect to:

- corporate power and authority to execute and deliver the share subscription agreement and perform their respective obligations under, and complete the transactions contemplated by, the agreement;
- proper authorization of the execution and delivery of, and proper execution and delivery of, the agreement;

The Sricon Subscription Agreement also contains representations and warranties of Sricon and its promoters (on their own behalf and on behalf of Sricon and its affiliates) with respect to:

- corporate organization, good standing and capitalization;
- the receipt, prior to closing, of all government approvals and other necessary third party consents;
- the absence of violations of certain laws and regulations and of their respective charter documents; and
- the absence of material litigation.
- the fair presentation, in all material respects, in their audited financial statements, of Sricon's and the financial condition, results of operations and cash flows of Sricon and its affiliates as of the date prepared; that they were prepared in accordance with Indian GAAP and that Sricon has no undisclosed liabilities that are required to be reflected in the financial statements;
- the absence of material adverse changes or events since the date of the audited financial statements;

- the intellectual property owned or otherwise used by Sricon;
- the validity of, and absence of any material default under Sricon's significant contracts;
- the timely filing of tax returns, payment of taxes and creation of reserves;
- the possession of all necessary licenses required to permit Sricon to conduct their respective operations;
- the real property owned or leased by Sricon;
- employee benefit matters;
- environmental matters and compliance with environmental laws;
- the insurance policies carried by Sricon;
- the maintenance of internal accounting controls;
- the absence of restrictive practices and arrangements and related competition matters; and
- the absence of certain related party transactions.

Several of the representations and warranties of Sricon and the Promoters are qualified by materiality or material adverse effect.

### **Indemnification**

The Promoters have agreed to hold IGC and its representatives, successors and permitted assigns harmless for any damages, whether as a result of any third party or otherwise, and which arise from or in connection with any breach by the Promoters or Sricon of any representations, warranties, covenants or obligations under the Sricon Subscription Agreement.

### **Conditions to the Completion of the Sricon Acquisition**

The obligations of IGC and the Promoters are subject to certain customary closing conditions, including the following:

- no order or injunction enjoining the Sricon Acquisition;
- no statute, rule, order or decree shall have been enacted or promulgated which would prohibit the Sricon Acquisition or limit the ownership of Sricon;
- receipt of certain consents;
- a lack of material adverse changes to Sricon and its business;
- IGC's completion of due diligence to its satisfaction; and
- the satisfaction by IGC of all other conditions for it to consummate a business combination.

As the fair market value of the Sricon Shares acquired in the Sricon Acquisition will constitute less than 80% of the net assets of IGC at the time of the Sricon Acquisition, IGC will be required to simultaneously close on another acquisition or acquisitions where the fair market value of what is acquired in such acquisition, combined with the fair market value of the securities acquired in the Sricon Acquisition, is at least 80% of the net assets of IGC at the time of the acquisitions. IGC must close on the balance of the acquisitions included in the Acquisition Proposal to satisfy the 80% test.

### **Termination**

The Sricon Subscription Agreement may be terminated prior to the closing of the Sricon Acquisition, as follows:

- at any time, by mutual written agreement;

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- by IGC, if it is not satisfied with its due diligence review of Sricon by October 31, 2007, which date has now passed; and
- by IGC, if on the closing date it is not satisfied that there has been no material adverse change in Sricon's business, operations, financial condition or prospect.

### **Effect of Termination**

In the event the Sricon Subscription Agreement is terminated:

- certain confidentiality and indemnification obligations will survive the termination; and
- with respect to termination by mutual agreement or for failure to close within the timeframe set forth in the Sricon Subscription Agreement, such termination shall not create liability for either party.

### **Sricon Shareholders Agreement**

#### ***Election of Officers and Directors***

Pursuant to a Shareholders Agreement dated as of September 15, 2007 by and among IGC, Sricon and the Promoters (the "Sricon Shareholders Agreement"), which is attached as Annex D to this Proxy Statement and which agreement shall take effect upon the consummation of the transactions contemplated by the Sricon Subscription Agreement:

- the Promoters and IGC will each have the right to designate representatives on Sricon's board of directors. The Promoters will have the right to nominate three of the five directors initially comprising the Board after the Acquisition;
- R.L. Srivastava will be designated as the Managing Director and Chairman of Sricon; and
- IGC will be entitled to designate the chief financial officer of Sricon.

Following the closing of the Sricon Acquisition, the Promoters have also agreed to vote their shares in favor of any action taken by IGC to elect or replace its nominees to the Board of Directors.

### **Approval Rights**

Pursuant to the Sricon Shareholders Agreement, after the closing of the Acquisition, IGC or its representatives on the Sricon board of directors, as applicable, must approve certain activities of the Sricon, including, without limitation:

- Any capital expenditure or indebtedness (including giving of security for or guaranteeing debts) beyond 15% of the budget in the business plan that is approved by the Board of Directors;
- Investments in any other companies;
- Amendments to Sricon's charter documents;
- Commencement of any new line of business or acquisition of shares of a company, which is unrelated to the business of Sricon;
- Entering into agreements with Sricon's promoters, directors, key employees and their respective affiliates;
- Winding up and/or liquidation of Sricon;
- Sale, license or pledge of Sricon's assets, including, without limitation, its intellectual property, other than in the normal course of business;
- Any agreement, arrangement, transaction to sell or assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs belonging to Sricon, other than in the normal course of business and on normal and reasonable commercial terms;

- Any new scheme or plan for grant of employee stock options, or sweat equity shares to any person or entity, including any modification to any new scheme; and
- The making by Sricon or its subsidiaries of any arrangement with its creditors and the moving for insolvency, receivership or bankruptcy or applying for the appointment of a receiver or an administrator or similar officer over the Company's assets.

### **Earn Out**

Pursuant to the Sricon Shareholders Agreement, IGC will transfer to the Promoters out of the Sricon shares up to 418,431 equity shares of Sricon over a three year period if Sricon achieves certain profit after tax targets for its 2008-2010 fiscal years. The maximum number of shares the Promoters may receive in any given fiscal year is 139,477 shares. If Sricon's profits after taxes for a given fiscal year are less than 100% of the target for that year but are equal to at least 85% of the target, the Promoters shall receive a pro rated portion of the maximum share award for that fiscal year.

### **Sricon Amendments**

Pursuant to the Sricon Amendment, IGC has agreed to advance Indian Rupees 128,342,500 (approximately \$3,250,000 and approximately \$6.45 per share) to Sricon towards the purchase of 503,620 of the 4,041,676 Sricon shares constituting approximately 14.66% of the post issued paid up share capital of Sricon) offered pursuant to the Original Sricon SSPA.

The obligations of IGC to fund the deposit is subject to the fulfillment of certain conditions, including the following:

- The representations and warranties as provided in the Sricon SSPA remaining true and correct as of the closing of the transactions contemplated by the Amended Sricon SSPA (the "Sricon Completion");
- Receipt of approvals of the Sricon Board of Directors of the Amended Sricon SSPA and the transactions contemplated thereunder;
- The performance and completion of certain agreements, obligations and conditions to be performed by Sricon and the Promoters under the Amended Sricon SSPA;
- Amendment of Sricon's Memorandum and Articles of Association;
- The appointment of one nominee of IGC as a member of the Board of Director of Sricon by the shareholders of Sricon effective upon the completion of the funding;
- Sricon opening a new bank account with Citibank N.A.;
- Written evidence from the Promoters that Ram Mukunda has become an authorized signatory on certain existing Sricon bank accounts subject to certain undertakings by Sricon. Mr. Mukunda is to be the sole signatory on the Citibank N.A. bank account subject to certain undertakings by Sricon;
- The Promoters and Sricon providing written confirmation that (i) they have given written instructions to the banks with whom certain existing Sricon bank accounts are maintained for automatic transfer into the Citibank N.A. bank account, every month, effective April 1, 2008, of 20% of the receivables paid into certain existing Sricon bank accounts, including without limitation, the receivables due to Sricon pursuant to the Joint Venture Agreement entered into by Sricon with Hindustan Steel Works Constructions Limited; (ii) no lender or third party has any rights over funds lying to the credit of the existing Sricon bank accounts; (iii) Sricon has not entered into any agreement whereby any party other than IGC has priority over the funds in the certain existing Sricon bank accounts or the Citibank N.A. bank account; and
- Sricon obtaining a certificate from an independent accountant indicating the fair value of the Sricon shares subject to the deposit.

- The Amended Sricon Subscription Agreement provides for certain covenants of the Promoters and Sricon to take effect upon funding, including the following:



- The Promoters and Sricon shall not propose any resolution at a Sricon shareholders meeting if such resolution is not approved by the IGC nominated Director at a meeting of the Sricon Board of Directors;
- Until the Sricon Completion, the Promoters shall not transfer all or any part of their shareholdings in Sricon to any person;
- Approval of the director nominated by IGC shall be required for passing any resolution which will have the effect of changing the signatories to the existing bank accounts and the Citibank N.A. account and for opening any account with any bank;
- Where a resolution for allotment of shares in favor of IGC is proposed by an IGC nominated Sricon Director, the Promoters (if they are also Sricon Directors) shall cause the Directors nominated by them to vote in favor of the resolution;
- The Sricon shareholders shall vote to approve an amendment to the Sricon Articles of Association; and
- The Promoters shall deliver to IGC certain documents creating a pledge (the "Pledge") on 53.88% (1,579,711 shares) of Sricon's existing share capital in favor of IGC to ensure that the Promoters will fulfill their obligations under the Amended Sricon Subscription Agreement.

Pursuant to the Second Sricon Amendment, IGC and Sricon agreed that IGC may make additional advances to Sricon from time to time on the terms set forth in the original Sricon Amendment. Pursuant to the Second Sricon Amendment, IGC has advanced an additional US\$500,000 to Sricon.

## **ACQUISITION OF SHARES OF TECHNI BHARATHI LIMITED**

### **Share Subscription Agreement**

On September 21, 2007, IGC entered into a Share Subscription Agreement (the "Subscription Agreement") dated as of September 16, 2007 with Techni Bharathi Limited ("TBL") and certain individuals (collectively, the "Promoters"), pursuant to which IGC will acquire (the "Acquisition") 7,150,000 newly-issued equity shares and 12,500,000 newly-issued 6% compulsorily convertible shares (collectively, the "New Shares") directly from TBL so that at the conclusion of the transactions contemplated by the Subscription Agreement and by the Share Purchase Agreement between IGC and Odeon Limited described below IGC will own approximately 77% of the outstanding equity shares of TBL on a fully-diluted basis. On December 21, 2007, IGC entered into an Amendment to the Subscription Agreement dated September 16, 2007 with TBL and the Promoters) (the "TBL Amendment").

The Acquisition is expected to be consummated during early 2008, after the required approval by IGC's stockholders and the fulfillment of certain other conditions, as discussed in greater detail herein.

The following description summarizes the material provisions of the Subscription Agreement. Stockholders should read carefully the Subscription Agreement and the TBL Amendment, which are attached as Annex E and Annex F respectively to this Proxy Statement. The Subscription Agreement contains representations and warranties which IGC, on the one hand, and TBL and the Promoters, on the other hand, have made to one another and are for the benefit of such parties only, and may not be relied upon by any other person. The assertions embodied in the representations and warranties contained in the Subscription Agreement are qualified by information in disclosure schedules to the Subscription Agreement. Although IGC does not believe the disclosure schedules contain information the securities laws require IGC to publicly disclose, the disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Subscription Agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since the representations and warranties are subject in important part to the underlying disclosure schedules. The disclosure schedules contain nonpublic information. Information concerning the subject matter of the representations and warranties may change following the date of the Subscription Agreement, and subsequent information may or may not be fully reflected in IGC's public disclosures.

### **Purchase Price □ Payment**

At closing, the purchase price for the shares is INR 400,000,000 (approximately US \$10,000,000 based on a conversion ratio of approximately \$.025 per INR1), payable as follows:

- INR 275,000,000 (\$6.9 million at current exchange rates) in cash at closing for the equity shares, representing a price per share of INR 38.46 (roughly \$ 0.96 at current exchange rates); and
- INR 125,000,000 (\$3.1 million at current exchange rates) in cash at closing for the New Shares, representing a price per share of INR 10.00 (roughly \$0.25 at current exchange rates).

### **Closing of the Acquisition**

The closing of the Acquisition will take place on a date mutually agreed upon by IGC, TBL and the Promoters, following the satisfaction of certain customary closing conditions, which date shall be no later than 15 days after the satisfaction of such conditions unless the parties agree to a later date.

### **Representations and Warranties**

The Subscription Agreement contains customary representations and warranties that TBL and the Promoters made to IGC and that IGC made to TBL and the Promoters (on their own behalf and on behalf of TBL and its affiliates), including with respect to:

- corporate power and authority to execute and deliver the share subscription agreement and perform their respective obligations under, and complete the transactions contemplated by, the agreement;
- proper authorization of the execution and delivery of, and proper execution and delivery of, the agreement;

The Subscription Agreement also contains representations and warranties of TBL and its promoters (on their own behalf and on behalf of TBL and its affiliates) with respect to:

- corporate organization, good standing and capitalization;
- the receipt, prior to closing, of all government approvals and other necessary third party consents;
- the absence of violations of certain laws and regulations and of their respective charter documents; and
- the absence of material litigation.
- the fair presentation, in all material respects, in their audited financial statements, of TBL's and the financial condition, results of operations and cash flows of TBL and its affiliates as of the date prepared; that they were prepared in accordance with Indian GAAP and that TBL has no undisclosed liabilities that are required to be reflected in the financial statements;
- the absence of material adverse changes or events since the date of the audited financial statements;
- the intellectual property owned or otherwise used by TBL;
- the validity of, and absence of any material default under TBL's significant contracts;
- the timely filing of tax returns, payment of taxes and creation of reserves;
- the possession of all necessary licenses required to permit TBL to conduct their respective operations;
- the real property owned or leased by TBL;

- employee benefit matters;
- environmental matters and compliance with environmental laws;
- the insurance policies carried by TBL;
- the maintenance of internal accounting controls;
- the absence of restrictive practices and arrangements and related competition matters; and
- the absence of certain related party transactions.

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Several of the representations and warranties of TBL and the Promoters are qualified by materiality or material adverse effect.

### **Indemnification**

The Promoters have agreed to hold IGC and its representatives, successors and permitted assigns harmless for any damages, whether as a result of any third party or otherwise, and which arise from or in connection with any breach by the Promoters or TBL of any representations, warranties, covenants or obligations under the Subscription Agreement.

### **Conditions to the Completion of the Acquisition**

The obligations of IGC and the Promoters are subject to certain customary closing conditions, including the following:

- no order or injunction enjoining the Acquisition;
- no statute, rule, order or decree shall have been enacted or promulgated that would prohibit the Acquisition or limit the ownership of TBL;
- receipt of certain consents;
- a lack of material adverse changes to TBL and its business;
- IGC's completion of due diligence to its satisfaction; and
- the satisfaction by IGC of all other conditions for it to consummate a business combination.

As the fair market value of the New Shares acquired in the Acquisition will constitute less than 80% of the net assets of IGC at the time of the Acquisition, IGC will be required to simultaneously close on another acquisition or acquisitions where the fair market value of what is acquired in such acquisition, combined with the fair market value of the securities acquired in the Acquisition, is at least 80% of the net assets of IGC at the time of the acquisitions. IGC must close on the balance of the acquisitions included in the Acquisition Proposal to satisfy the 80% test.

### **Termination**

The Subscription Agreement may be terminated prior to the closing of the Acquisition, as follows:

- at any time, by mutual written agreement;
- by IGC, if it is not satisfied with its due diligence review of TBL by October 31, 2007, which date has passed; or

- by IGC, if on the closing date it is not satisfied that there has been no material adverse change in TBL's business, operations, financial condition or prospects.

### **Effect of Termination**

In the event the Subscription Agreement is terminated:

- certain confidentiality and indemnification obligations will survive the termination; and
- with respect to termination by mutual agreement or for failure to close within the timeframe set forth in the Subscription Agreement, such termination shall not create liability for either party.

### **TBL Shareholders Agreement**

#### ***Election of Officers and Directors***

Pursuant to a Shareholders Agreement dated as of September 16, 2007 by and among IGC, TBL and the Promoters (the "Shareholders Agreement"), which is attached as Annex G to this Proxy Statement and which agreement shall take effect upon the consummation of the transactions contemplated by the Subscription Agreement:

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- the Promoters and IGC will each have the right to designate representatives on TBL's board of directors. The Promoters will have the right to nominate a majority of the directors;
- Jortin Antony will be designated as the Managing Director of TBL; and
- IGC will be entitled to designate the chief financial officer of TBL.

Following the closing of the Acquisition, the Promoters have also agreed to vote their shares in favor of any action taken by IGC to elect or replace its nominees to the Board of Directors.

#### ***Approval Rights***

Pursuant to the Shareholders Agreement, after the closing of the Acquisition, IGC, or its representatives on the TBL board of directors, as applicable must approve certain activities of TBL, including, without limitation:

- Any capital expenditure or indebtedness (including giving of security for or guaranteeing debts) beyond 15% of the budget in the business plan that is approved by the board;
- Investments in any other companies;
- Amendments to TBL's charter documents;
- Commencement of any new line of business or acquisition of shares of a company, which is unrelated to the business of TBL;
- Entering into agreements with TBL's promoters, directors, key employees and their respective affiliates;
- Winding up and/or liquidation of TBL;
- Sale, license or pledge of TBL's assets, including, without limitation, its intellectual property, other than the normal course of business;

- Any agreement, arrangement, transaction to sell or assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs belonging to TBL, other than in the normal course of business and on normal and reasonable commercial terms;
- Any new scheme or plan for grant of employee stock options, or sweat equity shares to any person or entity, including any modification to any new scheme; and
- The making by TBL or its subsidiaries of any arrangement with its creditors and the moving for insolvency, receivership or bankruptcy or applying for the appointment of a receiver or an administrator or similar officer over TBL's assets.

### **Earn Out**

Pursuant to the Shareholders Agreement, IGC will transfer to Jortin Anthony out of the TBL equity shares it acquires in the Acquisition up to an aggregate of 1,204,000 equity shares of TBL over a five-year period if TBL achieves certain profit after tax targets for its 2008-2012 fiscal years. The maximum number of shares Mr. Anthony may receive is 140,800 shares for fiscal year 2008 and 265,800 shares for each of the following fiscal years. If TBL's profits after taxes for a given fiscal year are less than 100% of the target for that year but are equal to at least 85% of the target Mr. Anthony shall receive a pro rated portion of the maximum share award for that fiscal year.

### **Amended TBL SPA**

Pursuant to an Amendment to the TBL SPA (the "Amended TBL SPA"), IGC has agreed to advance (the "TBL Advance") Indian Rupees 105,598,500 (approximately \$2,670,000 and approximately \$6.45 per share) to TBL towards the purchase of 2,745,671 of the 7,150,000 TBL shares constituting approximately 39.04% of the post issued paid up share capital of TBL) offered pursuant to the Original TBL SSPA.

The obligations of IGC to fund the deposit is subject to the fulfillment of certain conditions, including the following:

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- The representations and warranties as provided in the TBL SPA remaining true and correct as of the consummation of the transactions contemplated by the Amended TBL SPA (the "TBL Completion");
- Receipt of approvals of the TBL Board of Directors of the Amended TBL SPA and the transactions contemplated thereunder;
- The performance and completion of certain agreements, obligations and conditions to be performed by TBL and the Promoters under the Amended TBL SPA;
- Amendment of TBL's Articles of Association;
- The appointment of one nominee of IGC as a member of the Board of Director of TBL by the shareholders of TBL effective upon the completion of the funding;
- TBL opening a new bank account with Citibank N.A.;
- Written evidence from the Promoters that Ram Mukunda and an IGC nominee have become, in addition to the existing signatories, authorized signatories on certain existing TBL bank accounts subject to certain undertakings by TBL. Mr. Mukunda and the IGC nominee are to be the exclusive signatories on the Citibank N.A. account subject to certain undertakings by TBL;
- The Promoters and TBL providing written confirmation that (i) TBL receivables are free of encumbrances; (ii) no lender or third party has any rights over the TBL receivables, (iii) TBL receivables are credited to

the Citibank N.A. bank account; (iv) TBL receivables are free to be utilized as contemplated under the Amended TBL Subscription Agreement; (v) TBL receivables are not subject to any agreement whereby any party other than IGC has priority over the receivables; and (vi) except for certain existing TBL bank accounts, TBL does not maintain any other bank accounts;

- TBL obtaining a certificate from an independent accountant indicating the fair value of the TBL shares subject to the deposit.
- Promoters obtaining receipt of certain consents and certificates on behalf of TBL;
- Promoters and TBL undertaking to utilize the deposit for certain purposes as set forth in the Amended TBL Subscription Agreement and to provide details at weekly intervals;
- Promoters and TBL confirming that except for SAAG RR Infra Limited ("SAAG") and Odeon, the TBL Board of Directors does not recognize any other "investors" (as identified in the TBL Articles of Association) and no persons other than SAAG and Odeon have been granted special rights or privileges at meetings of the TBL Board of Directors or the TBL shareholders;
- Promoters causing TBL to recognize IGC as an "investor" under its Articles of Association;
- Promoters causing TBL to execute the necessary forms to enable the refund of the TBL Advance to IGC if the conditions precedent to the Original TBL Subscription Agreement are not satisfied;
- Promoters transferring 10 equity shares of TBL to Mr. Sujjain Talwar or any other person nominated by IGC at a price to be determined by IGC;
- Promoters and TBL obtaining a letter from SAAG confirming that SAAG will not exercise its right to subscribe for TBL securities and will release TBL from all claims upon receipt of repayment of a certain loan; and
- Promoters delivering to IGC a non-objection certificate.
- The Amended TBL Subscription Agreement provides for certain covenants of the Promoters and TBL to take effect upon funding, including the following:
- The Promoters and TBL shall not propose any resolution at a TBL shareholders meeting if such resolution is not approved by the IGC nominated Director at a meeting of the TBL Board of Directors;

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- Until the TBL Completion, the Promoters shall not transfer all or any part of their shareholdings in TBL to any person;
- Where a resolution for allotment of shares in favor of IGC is proposed by an IGC nominated TBL Director, the Promoters (if they are also TBL Directors) shall cause the Directors nominated by them to vote in favor of the resolution;
- The TBL shareholders shall vote to approve an amendment to the TBL Articles of Association; and;
- The Promoters shall deliver to IGC certain documents creating a pledge (the "Pledge") on 100% (4,287,500 shares) of TBL's share capital in favor of IGC to ensure that the Promoters will fulfill their obligations under the Amended TBL Subscription Agreement.

### **Odeon Share Purchase Agreement**

On September 21, 2007, IGC entered into a Share Purchase Agreement (the "Odeon Purchase Agreement") with Odeon Limited ("Odeon"), pursuant to which IGC will acquire (the "Odeon Acquisition") 5,000,000 convertible preference shares of TBL (the "TBL Preference Shares") from Odeon. On January 8, 2008, IGC entered into a letter

agreement with TBL and Odeon (the [Odeon Amendment]) amending the Odeon Purchase Agreement.

The following description summarizes the material provisions of the Odeon Purchase Agreement and Odeon Amendment. Stockholders should read carefully the Odeon Purchase Agreement and the Odeon Amendment, which are attached as Annex H and Annex I respectively to this Proxy Statement. The Odeon Purchase Agreement contains representations and warranties that IGC, on the one hand, and Odeon, on the other hand, have made to one another and are for the benefit of such parties only, and may not be relied upon by any other person. Information concerning the subject matter of the representations and warranties may change following the date of the Odeon Purchase Agreement, and subsequent information may or may not be fully reflected in IGC's public disclosures.

### **Purchase Price [ Payment**

At closing, the purchase price for the TBL Preference Shares is \$2,000,000, representing a price per share of \$0.40.

### **Closing of the Acquisition**

The closing of the Acquisition will take concurrently with the consummation of the transactions contemplated by the Subscription Agreement and subject to the satisfaction of certain customary closing conditions, but no later than January 31, 2008 unless the parties agree to a later date. The Odeon Amendment extended the deadline for closing the Acquisition to April 30, 2008 with no provision for further extensions.

### **Representations and Warranties**

The Odeon Purchase Agreement contains customary representations and warranties that Odeon made to IGC and which IGC made to Odeon.

### **Indemnification**

Odeon has agreed to hold IGC and its representatives, successors and permitted assigns harmless for any damages, whether as a result of any third party or otherwise, and which arise from or in connection with any breach by Odeon of any representations, warranties, covenants or obligations under the Odeon Purchase Agreement.

### **Conditions to the Completion of the Acquisition**

The obligations of IGC and the Promoters are subject to certain customary closing conditions, including the consummation of the transactions contemplated by the Subscription Agreement;. The Odeon Amendment added a further condition to the closing of the transactions contemplated by the Odeon Purchase Agreement: TBL must use a portion of the proceeds from the transactions contemplated by the TBL Subscription Agreement to repay certain obligations owed by TBL to SAAG.

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### **Termination**

The Odeon Purchase Agreement, as amended may be terminated prior to the closing of the Odeon Acquisition, as follows:

- at any time, by mutual written agreement; and
- if the Odeon Acquisition is not completed by April 30, 2008.

### **Effect of Termination**

In the event the Odeon Purchase Agreement is terminated:

- certain confidentiality and indemnification obligations will survive the termination; and
- with respect to termination by mutual agreement or for failure to close within the timeframe set forth in the Odeon Purchase Agreement, such termination shall not create liability for either party.

### **Assignment of Agreements to IGC-M**

All of the agreements give IGC the right to assign, or novate the Documents in favor of IGC-M, a wholly owned subsidiary of IGC, which has formed solely for the purpose of these transactions.

## **ADDITIONAL INVESTMENT ACTIVITY**

### **WIND FARM PURCHASE AGREEMENT:**

#### **Contract Agreement Dated April 29, 2007 between IGC, Chiranjeevi Wind Energy Limited , Arul Mariamman Textiles Limited, and Marudhavel Industries Limited.**

As previously disclosed in our Form 8-Ks dated May 2, 2007 and August 23, 2007 and Form 10-QSBs for the quarterly period ended June 30, 2007 and September 30, 2007, on April 29, 2007, IGC entered into a Contract Agreement dated April 29, 2007, as subsequently amended (the "CWEL Purchase Agreement"), with Chiranjeevi Wind Energy Limited, Arul Mariamman Textiles Limited, and Marudhavel Industries Limited (collectively, the "CWEL"). Pursuant to the CWEL Purchase Agreement, IGC will acquire 100% of a 24-mega watt wind energy farm, consisting of 96 250-kilowatt wind turbines, located in Karnataka, India to be manufactured by CWEL (the "CWEL Acquisition").

The following description summarizes the material provisions of the CWEL Purchase Agreement. Stockholders should read carefully the CWEL Purchase Agreement that is attached as Annex J to this Proxy Statement, as amended by the First Amendment that is attached as Annex K to this Proxy Statement. The CWEL Purchase Agreement contains representations and warranties that IGC, on the one hand and CWEL on the other hand, have made to one another and are for the benefit of such parties only, and may not be relied upon by any other person. The assertions embodied in the representations and warranties contained in the CWEL Purchase Agreement are qualified by information in disclosure schedules to the CWEL Purchase Agreement. Although IGC does not believe the disclosure schedules contain information the securities laws require IGC to publicly disclose, the disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the CWEL Purchase Agreement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since the representations and warranties are subject in important part to the underlying disclosure schedules. The disclosure schedules contain nonpublic information. Information concerning the subject matter of the representations and warranties may change following the date of the CWEL Purchase Agreement, and subsequent information may or may not be fully reflected in IGC's public disclosures.

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### **Scope of Work Under the CWEL Purchase Agreement**

CWEL will be responsible for the design, manufacture and supply of wind turbines, including the tower, rotor, cables, control-panel and sub-station. CWEL will be responsible for all liaison work with government agencies in India. CWEL will also be responsible for the operations and maintenance of the wind energy farm once it is operational.

### **Purchase Price and Payment**

At closing, the purchase price for the 24-mega watt wind energy farm is INR 1,140,000,000 (approximately \$28,500,000 based on a conversion ratio of \$0.025 per INR.) The price is subject to revision based on the prices of major components at closing. The actual payments made to CWEL will be spread over nine to twelve months.



IGC paid a deposit of approximately \$250,000 on May 22, 2007. If the Agreement is not consummated by March 31, 2008, twenty five percent of the deposit will be forfeited by IGC.

### **Security Interest**

CWEL will grant IGC a security interest in all major goods and components purchased by CWEL in connection with the construction of the wind energy farm. CWEL shall further assign to IGC all its rights under any agreements between CWEL and vendors of goods and components purchased for the purpose of the construction of the wind energy farm.

### **Closing of the CWEL Acquisition**

The CWEL Purchase Agreement contemplates that the closing of the CWEL Acquisition will take place on a date mutually agreed upon by IGC and CWEL, following the satisfaction of certain customary closing conditions, which date shall be no later than March 31, 2008 unless the parties agree to a later date. IGC expects that the closing will occur concurrently with, or shortly following the consummation of the transactions contemplated by the Acquisition Proposal. While IGC anticipates seeking additional debt financing to partially fund the CWEL Acquisition and may not consummate the CWEL Acquisition if such funding is not available, IGC believes that it is probable it will consummate the CWEL Acquisition.

### **Implementation Schedule**

CWEL has contracted to supply, install and commission all wind turbines within 12 months from the effective date of the CWEL Purchase Agreement. The effective date is defined as the date on which the first payment, not counting the deposit, is made to CWEL. However, IGC shall extend the completion date by an additional 3 months provided that CWEL has made adequate progress and met certain milestones.

### **Power Purchase Agreement**

As part of the turnkey nature of the contract, CWEL undertakes to put in place a power purchase agreement between IGC and the Bangalore Electricity Supply Company (BESCOM), unless IGC chooses to sell the power generated by the wind farm to a third party in accordance with prevailing Government of India rules.

### **Power Generation Guarantee**

During the time that CWEL is responsible for the operations and maintenance of the wind energy farm, CWEL guarantees a performance of 550,000 units of power per wind energy turbine, within a 10% variation for changes in wind patterns. If the aggregate generation of the wind energy farm is below the amount guaranteed, CWEL undertakes to reimburse IGC the shortfall at the prevailing power purchase rate.

### **Liquidated Damages**

If CWEL fails to complete the commissioning of all wind turbines in accordance with the Agreement, specifically within the mandated time frame, CWEL will pay liquidated damages equal to 5% of the total contract price up to a maximum of INR 57,000,000 (approximately \$1,425,000 based on a conversion ratio of \$.25 per INR).

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### **Operations and Maintenance (O&M)**

CWEL will undertake the operations and maintenance of the wind energy farm at a price of INR 10,800,000 (approximately \$270,000 based on a conversion ratio of \$0.25 per INR) per year. The term of the O&M contract is for seven years and is non-cancelable in the first three years of operations. The O&M pricing is subject to a 5% escalation per year commencing with the third year of operations.

### **Representations and Warranties**

The Purchase Agreement contains customary representations and warranties that CWEL has made to IGC and that IGC has made to CWEL. Several of the representations and warranties of the parties are qualified by materiality or material adverse effect.

### **MBL Infrastructure Limited Purchase Agreement**

As previously disclosed in our Form 8-K dated February 2, 2007 and Form 10-QSBs for the quarterly period ended June 30, 2007 and September 30, 2007, on February 2, 2007, we entered into a Share Subscription Cum Purchase Agreement (the "MBL Purchase Agreement") with MBL and R G Maheshwari, A K Lakhotia, Maruti Maheshwari, Aditya Maheshwari, Uma Devi Lakhotia, Shweta Maheshwari, Gokul Sales P Ltd and Jai Art N Image P Ltd (collectively, the "MBL Promoters"), pursuant to which we would acquire 2,212,745 equity shares of MBL (the "MBL Promoter Shares") from the MBL Promoters and an additional 9,519,949 newly-issued equity shares directly from MBL (the "New Shares") so that at the conclusion of the transactions contemplated by the Purchase Agreement, we would own 57% of the outstanding equity shares of MBL. MBL engages in road building and maintenance projects in India, as well as managing road-building projects on a contract basis for national, state and local agencies.

On February 5, 2007, we entered into an agreement to sell 425,000 warrants, and a note for \$3,000,000 to Oliveira Capital, LLC for \$3,000,000. The note carries interest at the rate of 8% and is due upon the earlier of February 5, 2008, or the consummation of a Business Combination. Each warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing on the earlier of the completion of a Business Combination with a target business or the distribution of our Trust Fund and expiring five years from the date of issuance. Following the receipt of the \$3,000,000 from Oliveira Capital, the Company on February 6, 2007 purchased \$3,000,000 of convertible debentures from MBL. The debentures carry interest at the rate of 8%, are secured by 1,131,356 shares of MBL common stock and are carried at cost. The note from Oliveira Capital, LLC is secured by the convertible debentures issued to MBL.

April 25, 2007, the Company entered into the First Amendment to the Share Subscription Cum Purchase Agreement (the "First Amendment to MBL Purchase Agreement") with MBL and the MBL Promoters.

Pursuant to the First Amendment to MBL Purchase Agreement, the conditions precedent to the Company's consummation of the transactions contemplated by the MBL Purchase Agreement were amended to provide that: (i) MBL's audited financial statements converted to US GAAP for the periods ended March 31, 2006, March 31, 2005 and March 31, 2004 and unaudited financial statements converted to US GAAP for the period commencing April 1, 2006 and ending December 31, 2006 (collectively, the "Required Financial Statements") previously required to be delivered under the MBL Purchase Agreement be delivered to us by May 15, 2007 and (ii) MBL and the MBL Promoters deliver audited financial statements converted to US GAAP for the period ended March 31, 2007 by June 30, 2007. In addition, Clause 5.3 of the MBL Purchase Agreement was amended to extend the deadline for the completion of our acquisition of MBL shares from September 30, 2007 to November 30, 2007.

On April 25, 2007, concurrently with the execution of the First Amendment to the Purchase Agreement, the Company entered into the First Amendment to the Debenture Subscription Agreement (the "First Amendment to Debenture Agreement") with MBL and the MBL Promoters.

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Pursuant to the First Amendment to the Debenture Agreement, Clause 14 of the Debenture Subscription Agreement dated February 2, 2007 was amended to extend the deadline by which time the Company must either obtain the requisite stockholder approvals for the acquisition of MBL shares under the MBL Purchase Agreement or purchase an additional USD \$3,000,000 in MBL Convertible Debentures from April 30, 2007 to 45 days after receiving the Required Financial Statements.

As noted above, the deadline for the acquisition of the MBL shares was November 30, 2007. This deadline has passed, and the Company has been unable to negotiate acceptable terms to further extend the deadline. Accordingly, the Company will not consummate the proposed transaction with MBL.

### **EMPLOYMENT AGREEMENTS**

IGC will hold the assets in India through a wholly owned subsidiary incorporated in Mauritius. In order to create the most tax efficient structure, and meet the regulations in India, USA and Mauritius, we will have some of our staff, enter into employment agreements with us, which will be assigned to IGC-M. The employment agreements are expected to become effective shortly after the closing of the Acquisition. The terms of the agreements have not been finalized.

## **THE STOCK PLAN PROPOSAL**

### **GENERAL**

We are seeking your approval to adopt the 2008 Omnibus Incentive Plan. On October 5, 2007, our board of directors approved, subject to approval of our stockholders, our Stock Plan. If our stockholders approve our Stock Plan, up to 300,000 shares of common stock initially, which number shall be increased each year on April 1, commencing April 1, 2008, by 15% of the number of shares issued and outstanding minus 13,974,500, will be available for issuance in connection with the grant of options and/or other stock-based or stock-denominated awards.

The Stock Plan is being submitted to holders of our common stock for approval at the meeting in order to ensure (i) favorable federal income tax treatment for grants of incentive stock options under Section 422 of the Internal Revenue Code of 1986, and (ii) continued eligibility to receive a federal income tax deduction for certain compensation paid under the Stock Plan by complying with Rule 162(m) of the Internal Revenue Code. Our board of directors believes that the approval of the Stock Plan is necessary to provide us with a sufficient number of shares to attract, retain and motivate employees, directors and consultants and to give us the flexibility we need to make various types of grants in light of the recent changes in tax and accounting rules relating to equity-based compensation.

This proposal to approve the Stock Plan is conditioned upon and subject to the approval of the Acquisition Proposal. If the Acquisition Proposal is not approved, the Stock Plan Proposal will not be presented at the special meeting.

### **MATERIAL FEATURES OF OUR PLAN**

The following paragraphs provide a summary of the principal features of the Stock Plan and its operation. The following summary is qualified in its entirety by reference to our Plan as set forth in Annex L.

The purpose of the Stock Plan is to encourage ownership of our common stock by our and our subsidiary employees, directors and certain consultants in order to attract such people, to induce them to work for our benefit and to provide additional incentive for them to promote our success.

The Stock Plan provides for the grant of incentive stock options, non-qualified stock options restricted and unrestricted stock awards and other stock-based awards to our and our subsidiary employees, directors and consultants. Upon approval, an aggregate of 300,000 shares of common stock initially, which number shall be increased each year on April 1, commencing April 1, 2008, by 15% of the number of shares issued and outstanding minus 13,974,500 will be available for issuance under the Stock Plan.

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In accordance with the terms of the Stock Plan, our board of directors has authorized our compensation committee to administer the Stock Plan. The compensation committee may delegate part of its authority and powers under the Stock Plan to one or more of our directors and/or officers, but only the compensation committee can make awards to participants who are our directors or executive officers. In accordance with the provisions of the Stock Plan, our compensation committee will determine the terms of options and other awards, including:

- the determination of which employees, directors and consultants will be granted options and other awards;

- the number of shares subject to options and other awards;
- the exercise price of each option, which may not be less than fair market value on the date of grant;
- the schedule upon which options become exercisable;
- the terms and conditions of other awards, including conditions for repurchase, termination or cancellation, issue price and repurchase price; and
- all other terms and conditions upon which each award may be granted in accordance with the Stock Plan.

The maximum term of options granted under the Stock Plan is ten years. Awards are generally subject to early termination upon the termination of employment or other relationship of the participant with us or our subsidiaries, whether such termination is at our option or as a result of the death or disability of the participant. Generally, in the event of a participant's termination for cause, all outstanding awards shall be forfeited.

In addition, our compensation committee may, in its discretion, amend any term or condition of an outstanding award provided (i) such term or condition as amended is permitted by our Stock Plan, and (ii) any such amendment shall be made only with the consent of the participant to whom such award was made, if the amendment is adverse to the participant.

If our common stock shall be subdivided or combined into a greater or smaller number of shares or if we issue any shares of common stock as a stock dividend, the number of shares of our common stock deliverable upon exercise of an option issued or upon issuance of an award shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend.

Upon a merger or other reorganization event, our board of directors may, in their sole discretion, take any one or more of the following actions pursuant to our Plan, as to some or all-outstanding awards:

- provide that all outstanding options shall be assumed or substituted by the successor corporation;
- upon written notice to a participant, (i) provide that the participant's unexercised options or awards will terminate immediately prior to the consummation of such transaction unless exercised by the participant; or (ii) terminate all unexercised outstanding options immediately prior to the consummation of such transaction unless exercised by the optionee;
- in the event of a merger pursuant to which holders of our common stock will receive a cash payment for each share surrendered in the merger, make or provide for a cash payment to the optionees equal to the difference between the merger price times the number of shares of our common stock subject to such outstanding options, and the aggregate exercise price of all such outstanding options, in exchange for the termination of such options;
- provide that all or any outstanding options shall become exercisable in full immediately prior to such event; and
- provide that outstanding awards shall be assumed or substituted by the successor corporation, become realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon the reorganization event.

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Our stockholders may amend the Stock Plan. It may also be amended by the board of directors, provided that any amendment approved by the board of directors that is of a scope that requires stockholder approval as required in order to ensure favorable federal income tax treatment for any incentive stock options under Code Section 422 or for any other reason is subject to obtaining such stockholder approval. If adopted, our Stock Plan will expire on the tenth anniversary of the adoption of the plan by our stockholders.

Approval of the Stock Plan Proposal is contingent on approval of the Acquisition Proposal.

## MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following discussion was prepared by Seyfarth Shaw LLP, our counsel, with respect to the material federal income tax considerations relating to stock options and stock grants under the Stock Plan:

**Incentive Stock Options:** Incentive stock options are intended to qualify for treatment under Section 422 of the Code. An incentive stock option does not result in taxable income to the optionee or deduction to the company at the time it is granted or exercised, provided that no disposition is made by the optionee of the shares acquired pursuant to the option within two years after the date of grant of the option nor within one year after the date of issuance of shares the optionee (referred to as the ISO holding period). However, the difference between the fair market value of the shares on the date of exercise and the option price will be an item of tax preference includible in alternative minimum taxable income. Upon disposition of the shares after the expiration of the ISO holding period, the optionee will generally recognize long term capital gain or loss based on the difference between the disposition proceeds and the option price paid for the shares. If the shares are disposed of prior to the expiration of the ISO holding period, the optionee generally will recognize taxable compensation, and we will have a corresponding deduction, in the year of the disposition, equal to the excess of the fair market value of the shares on the date of exercise of the option over the option price. Any additional gain realized on the disposition will normally constitute capital gain. If the amount realized upon such a disqualifying disposition is less than fair market value of the shares on the date of exercise, the amount of compensation income will be limited to the excess of the amount realized over the optionee's adjusted basis in the shares.

**Non-Qualified Options:** Options otherwise qualifying as incentive stock options, to the extent the aggregate fair market value of shares with respect to which such options are first exercisable by an individual in any calendar year exceeds \$100,000, and options designated as non-qualified options will be treated as options that are not incentive stock options.

A non-qualified option ordinarily will not result in income to the optionee or deduction to us at the time of grant. The optionee will recognize compensation income at the time of exercise of such non-qualified option in an amount equal to the excess of the then value of the shares over the option price per share. Such compensation income of optionees may be subject to withholding taxes, and a deduction may then be allowable to us in an amount equal to the optionee's compensation income.

An optionee's initial basis in shares so acquired will be the amount paid on exercise of the non-qualified option plus the amount of any corresponding compensation income. Any gain or loss as a result of a subsequent disposition of the shares so acquired will be capital gain or loss.

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**Stock Grants:** With respect to stock grants under the Stock Plan that result in the issuance of shares that are either not restricted as to transferability or not subject to a substantial risk of forfeiture, the grantee must generally recognize ordinary income equal to the fair market value of shares received. Thus, deferral of the time of issuance will generally result in the deferral of the time the grantee will be liable for income taxes with respect to such issuance. We generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the grantee.

With respect to stock grants involving the issuance of shares that are restricted as to transferability and subject to a substantial risk of forfeiture, the grantee must generally recognize ordinary income equal to the fair market value of the shares received at the first time the shares become transferable or are not subject to a substantial risk of forfeiture, whichever occurs earlier. A grantee may elect to be taxed at the time of receipt of shares rather than upon lapse of restrictions on transferability or substantial risk of forfeiture, but if the grantee subsequently forfeits such shares, the grantee would not be entitled to any tax deduction, including as a capital loss, for the value of the shares on which he previously paid tax. The grantee must file such election with the Internal Revenue Service within 30 days of the receipt of the shares. We generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the grantee.

The company has no current plans to grant options or stock awards under the Stock Plan upon consummation of the Acquisition.

## REQUIRED VOTE

Approval of the Stock Plan Proposal will require the affirmative vote of a majority of the outstanding shares of our common that are present in person or by proxy and entitled to vote at the meeting. An abstention will have the same effect as a vote cast against approval of the Stock Plan Proposal. A failure to vote or broker non-vote will have no effect on the Stock Plan Proposal.

**RECOMMENDATION**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE ADOPTION OF OUR STOCK PLAN.**

**THE NOMINATION PROPOSAL**

**GENERAL**

Our 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. The term of office of the Class A directors, consisting of Mr. Nathani and Mr. Shenoy, will expire at our first annual meeting of stockholders. The term of office of the Class B directors, consisting of Mr. Prins and Dr. Krishna, will expire at the second annual meeting of stockholders. The term of office of the Class C director, consisting of Mr. Mukunda, will expire at the third annual meeting of stockholders.

At the special meeting, two Class A directors are to be elected to serve until the 2010 annual meeting of stockholders or until a successor for such director is elected and qualified, or until the death, resignation or removal of such director. It is intended that the proxies will be voted for the two nominees named below for election to our board of directors unless authority to vote for any such nominee is withheld. There are two nominees, both of whom currently serve on our board of directors. Each person nominated for election has agreed to serve if elected, and the board of directors has no reason to believe that any nominee will be unavailable or will decline to serve. In the event, however, that any nominee is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominee who is designated by the current board of directors to fill the vacancy. Unless otherwise instructed, the proxy holders will vote the proxies received by them FOR the nominees named below. The two candidates receiving the highest number of the affirmative votes of the shares entitled to vote at the special meeting will be elected as directors.

The names of the nominees and their ages as of February 4, 2008 are set forth below:

Name	Age
Sudhakar Shenoy	60
Suhail Nathani	42

For biographical summaries of these nominees and a listing of the remainder of our Board, see Directors and Management Following the Acquisition on page 101.

The Nomination Proposal is conditioned upon and subject to the approval of the Acquisition Proposal. If the Acquisition Proposal is not approved, the Nomination Proposal will not be presented at the special meeting and our current directors will continue to comprise our board of directors.

**REQUIRED VOTE**

For election as a director, a nominee must receive the affirmative vote of a plurality of the shares of our common stock present in person or represented by proxy and entitled to vote at the special meeting, voting as a single class. An abstention will have the same effect as a vote cast against the election of a nominee. A failure to vote or broker non-vote will have no effect on the Nomination Proposal.

**RECOMMENDATION**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR<sup>1</sup> THE ELECTION OF ALL OF THE NOMINEES LISTED ABOVE AS MEMBERS OF OUR BOARD OF DIRECTORS.**

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**THE ADJOURNMENT PROPOSAL****GENERAL**

The Adjournment Proposal allows our board of directors to submit a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the Acquisition Proposal.

**CONSEQUENCES IF ADJOURNMENT PROPOSAL IS NOT APPROVED**

If our stockholders do not approve the Adjournment Proposal, our board of directors may not be able to adjourn the special meeting to a later date in the event there are not sufficient votes at the time of the special meeting to approve the Acquisition.

**REQUIRED VOTE**

Approval of the Adjournment Proposal will require the affirmative vote of a majority of the shares of our common stock that are present in person or by proxy and entitled to vote at the special meeting. An abstention will have the same effect as a vote cast against approval of the Abstention Proposal. A failure to vote or broker non-vote will have no effect on the Adjournment Proposal.

**RECOMMENDATION**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR<sup>1</sup> THE ADJOURNMENT PROPOSAL.**

**SELECTED HISTORICAL FINANCIAL INFORMATION OF INDIA GLOBALIZATION CAPITAL (IGC)**

The following selected financial data have been derived from our audited financial statements and un-audited condensed financial statements, in each case including the notes thereto, contained elsewhere in this proxy statement and should be read in conjunction with those financial statements and the notes thereto, as well as in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations of IGC. The historical results included below and elsewhere herein are not indicative of the future performance of IGC.

**INDIA GLOBALIZATION CAPITAL, INC.  
Selected Income Statement Data**

<b>(Amounts in US Dollars, except share data and as stated otherwise)</b>	<b>Six Months Ended September 30, 2006</b>	<b>Six Months Ended September 30, 2007</b>
Interest Income (IGC had no revenue for all periods presented)	\$ 1,580,124	\$ 1,298,063
Earnings before Income Taxes	1,284,755	71,935
Income Taxes	(437,600)	(24,604)
Net Income	847,155	47,331
Weighted average shares outstanding <input type="checkbox"/> basic and diluted	13,974,500	13,974,500
Net income per share <input type="checkbox"/> basic and diluted	\$ 0.06	\$ 0.00

**INDIA GLOBALIZATION CAPITAL, INC.**  
**Selected Balance Sheet Data**

(Amounts in US Dollars, except share data and as stated otherwise)	As of March 31, 2007	As of September 30, 2007
<b>ASSETS</b>		
Investments held in trust fund	\$66,104,275	\$67,091,690
<b>LIABILITIES</b>		
Common stock subject to possible conversion	12,762,785	12,762,785
Total stockholders' equity	\$52,923,699	\$52,971,030

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**MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATIONS**

**FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements, including, among others, (a) our expectations about possible business combinations, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "should," "expect," "anticipate," "approximate," "estimate," "believe," "intend," "plan," or "project," or the negative of these words or other variations of these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under our "Plan of Operation" and matters described in this report generally. In light of these risks and uncertainties, the events anticipated in the forward-looking statements may or may not occur. These statements are based on current expectations and speak only as of the date of such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise.

The information contained in this report identifies important factors that could adversely affect actual results and performance. All forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statements.

**DESCRIPTION OF BUSINESS**

We were formed on April 29, 2005 as a blank check company for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses in an unspecified industry, with operations primarily in India. We intend to use cash derived from the proceeds of our initial public offering, our capital stock, debt or a combination of cash, capital stock or debt to effect a business combination.

**RESULTS OF OPERATIONS****Six Months Ended September 30, 2007**

For the six months ended September 30, 2007, and September 30, 2006 we had net income of \$47,331 and \$847,155 respectively, derived primarily from interest income related to the cash held in our trust account, net of legal, interest expense, formation, travel, and other start-up costs.

**Year Ended March 31, 2007**



For the year ended March 31, 2007, we had net income of \$1,517,997, derived primarily from interest income related to the cash held in our trust account, net of legal, interest expense, formation, travel and other start-up costs. For the period from April 29, 2005 (inception) through March 31, 2007, we had net income of \$1,074,157, derived primarily from interest income related to the cash held in our trust account, net of legal, interest expense, formation, travel, other and start-up costs and compensation expense.

For the period from April 29, 2005 (inception) through March 31, 2006, we had net loss of \$443,840, derived primarily from compensation expense, legal, interest expense, formation, travel, other and start-up costs net of interest income related to the cash held in our trust account.

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## Plan of Operation

To date, we have entered into four definitive agreements as described in our current reports on Form 8-K filed on February 12, 2007, May 2, 2007 and September 21, 2007. As described in the referenced Form 8-Ks, we have identified the infrastructure sector including the road-building sector and the alternative energy sector. Currently, we are conducting due diligence and audits in accordance with U.S. generally accepted accounting principles on the companies that we propose to acquire.

We currently are not engaged in any business operations, and we do not expect to engage in, any substantive commercial business until the consummation of a proposed transaction. We expect these transactions to close shortly after we obtain stockholder consent to the Acquisition Proposal. Currently, our business activities consist solely of pursuing businesses with operations primarily in India in order to consummate a business combination. Our management has completed the due diligence on Sricon, TBL and CWEL and we anticipate that our only business activity until the consummation of a business combination will be to prepare for the consummation of the Acquisition Proposal.

The net proceeds from the sale of the Units in our initial public offering, our private placement to officers and directors, loans from our founders and the deferred offering costs were \$63,845,850, after deducting offering expenses and underwriting discounts. This amount is held in trust for the benefit of investors in our public offering (the "Trust Account"). Additionally, \$1,769,400 of the proceeds attributable to the underwriters' non-accountable expense allowance was deposited in the Trust Account.

We do not believe we will need additional financing to supplement the proceeds of our initial public offering, our private placement to officers and directors and loans from our founders in order to meet the expenditures required for operating our business prior to consummating a business combination. Interest earned on the Trust Account up to a maximum of \$2,150,000, may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses incurred by the Company prior to consummation of a business combination. As of December 31, 2006, the maximum amount of \$2,150,000 was transferred into our operating account. We anticipate that the funds available to us outside of the Trust Account will be sufficient to sustain our business activities until approximately March 2008, assuming that a business combination is not consummated during that time. However, we anticipate we will need to obtain additional financing to pay portions of the purchase price for the wind farms not payable to CWEL at closing, and to provide bridge financing to Sricon and TBL, in which case we may issue additional securities or incur debt to finance such activities.

To fund our purchase of a debenture in MBL Infrastructures Limited, an Indian roadbuilding company we had considered acquiring, on February 5, 2007, we entered into a Note and Warrant Purchase Agreement dated as of February 5, 2007 (the "Warrant Agreement") with Oliveira Capital, LLC ("Oliveira") pursuant to which we sold Oliveira a Promissory Note ("Note") in the principal amount of \$3,000,000 and a warrant (the "Warrant") to purchase up to 425,000 shares of our common stock (the "Warrant Shares") at an initial exercise price of \$5.00 per share. The Note bears interest at a rate of 8% per annum and is due and payable in full upon the earlier of February 5, 2008 and the date on which we consummate a Business Combination. The Note is secured by the Debentures pursuant to a Pledge Agreement. The Warrant is exercisable during the period commencing on the consummation of a Business Combination and ending on March 2, 2011.

The proceeds held in the Trust Account are invested in government securities (Treasury Bills and money market funds) until the earlier of (i) the consummation of our first business combination or (ii) the distribution of the trust account. In the event that the Company does not consummate a business combination within 18 months from the date of the consummation of the public offering (March 8, 2006), or 24 months from the consummation of the public offering if certain extension criteria have been satisfied (see "Plan of Operations *Timing of Business Combination*" below), we will be forced to liquidate and the proceeds held in the trust account will be distributed to the Company's public stockholders. However, our founding stockholders (stockholders prior to our public offering) will not participate in any liquidation distribution with respect to any shares of our common stock acquired prior to the public offering. If we are forced to liquidate, the per-share liquidation may be less than the price at which public stockholders purchased their shares because of the expenses related to our initial public offering, our general and administrative expenses and the anticipated costs of seeking a business combination. Additionally, if third parties make claims against us, the offering proceeds held in the trust account could be subject to those claims, resulting in a further reduction to the per-share liquidation price.

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### **Sources of target businesses**

Since our public offering, we have been actively engaged in sourcing a suitable business combination candidate. As described above, we have the three pending transactions that constitute the Acquisition Proposal.

We have relied on finding candidates through three possible sources: (1) the professional community, including, without limitation, investment bankers, attorneys and accountants; (2) quasi-governmental associations such as the International Finance Corporation, which is a member of the World Bank; and (3) the industries subject to deregulation by the Indian government. In addition, we have located acquisition candidates through other unaffiliated sources, including private equity and venture capital funds and public and private companies. Our officers, directors and special advisors and their affiliates have also brought acquisition candidates to our attention. In addition to contacting the sources described above for potential acquisition candidates, we have been contacted by unsolicited parties who become aware of our interest in prospective targets through press releases, word of mouth, media coverage and our website. We have offered to pay a one-time Finder's Fee of .25%, of the value of our investment to any unaffiliated party that makes an introduction, or provides information about prospective targets to us. All such fees have been conditioned on our consummating a business combination with the identified target.

We have entered into a financial advisory agreement with Ferris, Baker Watts, Incorporated, the representative of the underwriters in our public offering, and SG Americas Securities, LLC, one of the participating underwriters in the public offering, whereby Ferris, Baker Watts and SG Americas Securities, LLC serve as our financial advisors in connection with a business combination for a period of two years from the effective date of the public offering, March 2, 2006. Ferris, Baker Watts and SG Americas Securities, LLC, through affiliates of its parent company Société Générale ("SG") located in Asia, perform certain advisory services for us, including without limitation, assisting us in determining an appropriate acquisition strategy and tactics, evaluating the consideration that may be offered to a target business, assisting us in the negotiation of the financial terms and conditions of a business combination and preparing a due diligence package regarding a business combination for our board of directors. The advisory services that have been provided, and continue to be provided, by Ferris, Baker Watts and SG consist of gathering, preparing and organizing information to be considered by our board of directors, among other things. Pursuant to the terms of this agreement, Ferris, Baker Watts, will be entitled to receive two percent of the consideration associated with any business combination by us, a portion of which shall be allocated to SG Americas Securities, LLC pursuant to a separate agreement between the parties. The fee will be capped at \$1,500,000 and will be paid out of the trust proceeds only upon consummation of a suitable business combination. In addition to the foregoing fee, we have agreed to reimburse Ferris, Baker Watts and SG Americas Securities, LLC, for all of the reasonable out-of-pocket expenses incurred by it, whether or not a business combination is consummated; provided, however, that such expenses in the aggregate will not exceed \$25,000 without our prior consent.

We have also engaged the services of several professional firms that specialize in due diligence, USGAAP audits, legal audits, and other services that could help us in determining valuation and other criteria. In addition on or around November 27, 2006, we engaged the firm of SJS Associates, which provides the services of Mr. John Selvaraj an individual with extensive experience in US GAAP, Indian GAAP and SEC reporting. Mr. Selvaraj was also appointed as our Treasurer on November 27, 2006, following the resignation of Mr. Cherin. SJS Associates is

a company held by Mr. Selvaraj. Following a search for legal firms in India that had U.S. and Indian trained attorneys that could represent us, the Board appointed Economic Laws Practice (ELP), a legal firm located in India, with six partners and over fifty professionals. Mr. Suhail Nathani, one of our board directors, is a Partner with ELP.

Other than what has been disclosed above (Ferris, Baker Watts, ELP, and SJS Associates), we have not and do not anticipate paying any other officer, director, founding stockholder or any entity with which they are affiliated, any Finder's Fee or similar compensation for services rendered to us prior to or in connection with the consummation of a business combination.

### ***Timing of business combination***

Pursuant to the terms of our public offering, we must complete a business combination within 24 months after the consummation of the public offering (March 8, 2006). If we do not complete the business combination, then we will dissolve the Company and distribute to all of our public stockholders, in proportion to their respective equity interests, an aggregate sum equal to the amount in the trust account, inclusive of any interest, plus any remaining net assets.

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## **EMPLOYEES**

We currently have two executive officers, one of whom is a member of our board of directors, as well as six special advisors. We also utilize the services of advisors, consultants and legal and tax professionals, among others, to assist in evaluating potential target industries and companies, among other tasks. We expect to add employees to handle the additional work load brought on by the transactions.

Mr. Ram Mukunda, our President and Chief Executive Officer is dedicated full time to conducting due diligence on the target companies that we have identified. Our Chairman, Dr. Ranga Krishna and our Treasurer, Mr. Selvaraj, are dedicated part time in helping with the due diligence on the target companies. Following a business combination, or an agreement for a business combination we may recruit additional managers to supplement the incumbent management of the target business or businesses, and we expect to hire full-time employees as well.

## **OFF BALANCE SHEET ARRANGEMENTS**

Options and warrants issued in conjunction with our initial public offering are equity linked derivatives; accordingly, they represent off balance sheet arrangements. The options and warrants meet the scope exception in paragraph 11(a) of FAS 133 and are accordingly not accounted for as derivatives for purposes of FAS 133, but instead are accounted for as equity. See the Notes to the March 31, 2007 financial statements for a discussion of outstanding options and warrants.

## **CRITICAL ACCOUNTING POLICIES**

Our critical accounting policies are described in Notes to our financial statements included elsewhere in this proxy statement. They are summarized here for convenience. We believe the critical accounting policies described involve the most significant judgments and estimates used in the preparation of our financial statements. The assumptions made in the computation of volatility in estimating a value for the Non-Cash Compensation Expenses and Warrants issued to Oliveira Capital represents the most significant subjective estimate. The volatility used in the two computations are different because at the time the Non-Cash Compensation Expense was computed, we did not have a particular industry group that served as a peer group, instead we used a basket of Indian companies that traded in the US. At the time of the Oliveira warrants we had the infrastructure industry as a peer group. Changes in the estimates of volatility would have the effect of changing our results of operations as the non-cash compensation expense and amortization of debt discount on Oliveira debt would change. However, any changes in the estimates used in these calculations would have no effect on our liquidity or capital resources as the related changes would effect non-cash items only.

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Non-Cash Compensation Expenses: In February 2006, prior to the IPO, the Company issued an aggregate of 200,000 shares of common stock to its founders and advisors. The shares were issued for an aggregate price of \$2,000. The fair value of these shares was estimated to be \$537,741; the difference of \$535,741 was recorded as compensation expense on the accompanying statement of operations. The fair value was determined by allocating the \$6.00 Unit price in the subsequent Offering between the estimated fair value of the shares and warrants to be included therein. The per share fair value was estimated to be \$2.69. The Company estimated this using the Black-Scholes method, using a U.S. risk-free interest rate of 4.5% and a volatility of 52.44%. The March 31, 2006 financial statements as originally issued were restated to record this compensation expense. As a result, the deficit accumulated during the development stage and net loss increased by \$535,741 (\$0.17 per share, from income per share of \$.03 to loss per share of \$0.14) and additional paid in capital increased by \$535,741. The estimates used related to a one-time charge and therefore will not change on an ongoing basis.

- ii. Warrants issued to Oliveira Capital: In February 2007, the Company sold a promissory note and 425,000 warrants to Oliveira Capital, LLC for \$3,000,000. Each warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing on the earlier of the completion of a Business Combination with a target business or the distribution of the Trust Fund and expiring five years from the date of issuance. The warrants have an exercise price of \$5.00. The Company has determined, based upon a Black-Scholes model, that the fair value of the warrants on the date of issuance would approximately be \$1,235,000 using an expected life of five years, volatility of 46% and a U.S. risk-free interest rate of 4.8%. We computed volatility for a period of five years. For approximately the first four years we used the trading history of two representative companies that are listed on the Indian Stock exchange. For approximately one

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year the trading history of the Company's common stock was used. The average volatility of the combined data extending over five years was calculated as 46%. Management believes that this volatility is a reasonable benchmark to use in estimating the value of the warrants. This estimate is not expected to change from period to period.

- iii. Deferred Acquisition costs: MBL, Sricon, TBL and CWEL. In each period we have accrued expenses associated with these acquisitions. To the extent that we do not consummate any one of the transactions, we will expense all costs associated with that particular potential acquisition in the quarter where the decision is made. For example, as the MBL acquisition has become improbable we expect to expense deferred acquisition costs (approximately \$150,000) associated with MBL.

- iv. Income per common share: Basic earnings per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the additional dilution for all potentially dilutive securities such as stock warrants and options. The effect of the 22,949,000 outstanding warrants, issued in connection with the Public Offering and the Private Placement, the 500,000 outstanding units issued to the underwriters in connection with the Public Offering and the 425,000 warrants to purchase shares of common stock issued to Oliveira Capital, LLC in connection with the promissory note has not been included in the diluted weighted average shares since the warrants are contingently exercisable at the consummation of a business combination. The underlying stock associated with the exercise of warrants arising from the private placement and the warrants issued to Oliveira Capital will become dilutive at the consummation of a business combination. The dilutive effects of these have been captured in the Pro-Forma statements, presented elsewhere. The units and attached warrants issued to the underwriter is exercisable at a price of \$6.50 and will become dilutive once the common stock reaches \$6.50 post

consummation of a business combination.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents are all highly liquid instruments with maturities of three months, or less. The company maintains its cash in bank accounts in the United States of America, which, at times, may exceed applicable insurance limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk including risk from sub-prime debt obligations.

Income taxes:

Deferred income taxes are provided for the differences between the bases of assets and liabilities, for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

## INVESTMENTS HELD IN TRUST FUND

Investments held in trust consist of Treasury Bills and money market funds. The Treasury Bills have been accounted for as trading securities and recorded at their fair market value. The excess of market value over cost is included in interest income in the accompanying statement of operations.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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. We are not presently engaged in and, if a suitable business target is not identified by us prior to the prescribed liquidation date of the trust account, we may not engage in, any substantive commercial business. Accordingly, we are not and, until such time as we consummate or, to the extent, that the acquisition price for a business combination may be denominated in a foreign currency, enter into an agreement to consummate, a business combination, we will not be exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of our initial public offering held in the trust account have been invested only government securities, such as Treasury Bills and money market funds, meeting conditions of the Investment Company Act of 1940. Given our limited risk in our exposure to money market funds, we do not view the interest rate risk to be significant.

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### SELECTED HISTORICAL FINANCIAL INFORMATION OF SRICON INFRASTRUCTURE PRIVATE LIMITED (SRICON)

The following selected financial data have been derived from our audited financial statements and un-audited condensed financial statements, in each case including the notes thereto, contained elsewhere in this proxy statement and should be read in conjunction with those financial statements and the notes thereto, as well as in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations of Sricon. The historical results included below and elsewhere herein are not indicative of the future performance of Sricon.

(Amounts in Thousand US Dollars, except share data and as stated otherwise)	Six months ended September 30, 2006	Six months ended September 30, 2007
Revenue	\$ 4,422	\$ 7,251
<b>Operating Expenses:</b>		
Cost of Revenue	(3,450)	(5,124)
Selling, general and administrative expenses	(432)	(601)
Depreciation	(116)	(157)
	<b>(3,998)</b>	<b>(5,882)</b>
Operating Income	424	1,369
Interest expense	(232)	(353)

Interest income,	32	36
Other Income	8	7
<b>Net income before income taxes</b>	<b>232</b>	<b>1,059</b>
Income Taxes	(58)	(328)
<b>Net Income</b>	<b>174</b>	<b>731</b>
<b>Earnings per share:</b>		
Basic and diluted	\$ 0.06	\$ 0.25
Weighted average number of shares outstanding	2,932,159	2,932,159

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SRICON INFRASTRUCTURE PRIVATE LIMITED

This discussion and analysis of the financial condition and results of operations of Sricon contains forward-looking statements. Statements that are not statements of historical fact, including expressions of beliefs and expectations, are forward-looking in nature and are based on current plans, estimates and projections. Forward-looking statements are applicable only as of the date they are made, and neither we nor Sricon undertakes an obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include those identified under the headings "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

### OVERVIEW

Sricon is a leading infrastructure company and has established itself as one of the major players in infrastructure projects like national highways, civil and structural engineering works for power plants, steel mills, sugar plants, turnkey contracts for power supply systems, water supply schemes, mining, quarrying and works for cement plants. Sricon was built on the solid foundations of experience, expertise and technological insight. Mr. R. L. Srivastava, the Chairman and Managing Director, started his career as a civil engineering contractor. The Company was incorporated in 1997 with the Registrar of Companies, Maharashtra in the name of "Srivastava Construction Private Limited." Sricon is located in Nagpur, India.

Until the formation of Sricon, the infrastructure construction work was carried out in Vijay Engineering Enterprises(partnership concern) ("VEE"). Sricon was incorporated with an objective to execute large scale infrastructure projects in sectors such as Highways, Water Management System, Power and Cement Plants, etc., and with a view to consolidate all infrastructure activities under one company so as to garner better synergy, business profile as well as cost management. VEE was merged with Sricon with effect from March 31, 2004.

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The current infrastructure construction business of the company includes:

- Road construction and maintenance
- Canal and earth work
- Maintenance of cement plant, including refractory work
- Civil work for power and steel plants
- Limestone and coal mining

The Company has signed MOU's with major companies in the industry, like Systems America and Hindustan Steel Works Construction Limited ("HSCL"), and the Company is well positioned to participate in large value projects. The Company has also been pre-qualified by National Highway Authority of India for bidding in various projects.

The Company has entered into the following strategic technical alliances to improve its technical capabilities:

- With MECON Limited: MECON Limited is a public enterprise having vast experience in engineering and turnkey execution of civil construction and infrastructure projects. Under the terms of the technical alliance, MECON would assist Sricon in undertaking projects in the GCC (Gulf Cooperation Council) countries on turnkey basis.
- With Hindustan Steelworks Construction Limited (□HSCL□): HSCL is a Government undertaking having vast experience in turnkey execution of civil construction and infrastructure projects. Under the terms of the technical alliance, HSCL would assist Sricon in participating in various packages of NHAI in Maharashtra and Madhya Pradesh.
- With Systems America Inc.: Systems America Inc. is an American company engaged in construction and development of infrastructure projects. Under the terms of the technical alliance, Systems America Inc. would support Sricon in large highways projects.

Over the past decade Sricon has successfully completed projects for an illustrative list of demanding clients, including:

- National Highway Authority of India
- Projects on BOT basis
- National Thermal Power Corporation
- Maharashtra Jeevan Pradhikaran
- Western Coalfields Limited
- Larsen and Tubro Limited
- Public Works Department
- Nagpur Municipal Corporation
- Nagpur Improvement Trust
- Bharat Heavy Electricals Limited
- Hindustan Steelworks Construction Limited
- Pradhan Mantri Gram Sadak Yojana

The Company□s registration with the following entities reflects its technical expertise, project execution capabilities and reliability:

- Central Public Works Department
- National Building Construction Corporation Limited

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- Engineers Project India Limited
  - Mecon

- Hindusthan Construction Limited
- National Project Construction Limited
- Sardar Sarovar Narmada Nigam Limited
- R & B Division, Amveli
- Nagpur Municipal Corporation
- Nagpur Improvement Trust

### **Effects of the Acquisition**

Sricon will account for the acquisition as a subscription of new common stock. There will be no tax impact on the transaction, other than regulatory registration fees. Sricon will continue to operate as an Indian company and will be subject to the Indian tax regime.

### **Opportunities, Industry Overview**

The Indian economy in general and its stock markets in particular experienced significant growth during the fiscal year ended March 31, 2007. GDP growth reached 9.2%, compared to 8.4% in the previous 12-month period. The factors contributing to this growth included favorable demographic dynamics, the savings rate and habits of the Indian middle class, changing investment patterns, increasing consumerism, healthy business confidence, inflows of foreign investment and improvements in the Indian banking system.

The benchmark indices of the Indian capital markets breached historic highs on several occasions during the 2006-07 fiscal year. The BSE Sensex and S&P CNX Nifty rose by 15.9% and 12.3%, respectively, during the fiscal year and market capitalization on the BSE and NSE rose by 17.3% and 19.7%, respectively. According to the BSE, the Sensex is calculated on a free float market capitalization-weighted methodology and measures the performance of 30 component stocks representing a sample of large, well-established and financially sound companies. The NSE website describes the S&P CNX Nifty as a well diversified index of 50 stocks accounting for 22 sectors of the economy. Total net investment by foreign institutional investors into equity and debt amounted to USD 586 million and USD 5,607 million, respectively, for the year ended March 31, 2007, and cumulative investment by foreign institutional investors in the Indian market reached USD 46,404 million.

Public offerings of equity and rights offerings during the year ended March 31, 2007 amounted to USD 7,774 million, compared to USD 6,353 million during the previous 12-month period. Initial public offerings (IPOs) have the largest presence among public offerings of equity. Of 85 public offerings in India, 77 were IPOs. Gross proceeds from IPOs rose by 160.64%, or USD 6,613 million, from USD 2,537 million in the fiscal year 2005-06. Total turnover in the derivatives segment of the NSE in the 2006-07 fiscal year rose by 52.5% to USD 1,706,791 million from USD 1,119,315 million in 2005-06. Single stock futures contributed 43.5% of total turnover in the 2006-07 fiscal year, followed by index futures (27.3%), calls on index option (5.4%) and puts on index option (5.3%). In the futures and options segments of the Indian exchanges, the number of contracts and turnover has substantially increased during the 2006-07 fiscal year. The National Stock Exchange was ranked second in the world in terms of the number of transactions conducted, behind only the New York Stock Exchange (NYSE), and third largest in the world with respect to exchange turnover, just behind the NYSE and NASDAQ.

The size of the construction industry in India is over USD 28 billion which accounts for more than 6% of the GDP. This industry is the largest employer in the country – almost 32 million people. The sector is riding on a high growth wave powered by the large spends on the on going infrastructure programs – evidenced all over the country in the form of new highways, dams, power plants and pipelines. The sectors contributing to the high growth rates are power, transport, petroleum and urban infrastructure. According to Indian Prime Minister Dr. Manmohan Singh, addressing the Finance Ministers of ASEAN countries, at the Indo ASEAN Summit at New Delhi, in August 2007,



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India needs USD 150 billion at the rate of USD 15 billion per annum for next 10 years. Out of these projections, India is getting foreign direct investment (FDI) at the rate of USD 5 billion per annum. More than 50% of the FDI's will be utilized for infrastructure, telecom, and power among others.

As relates to roads, the Golden Quadrilateral Highway is progressing well with an extent of approximately 4,500 miles, to be followed with the north-south corridor of 13,300 miles. Besides this, the Government is also planning to create East and West Coast corridors. The Nodal Government of India Highway Agencies - NHAI, NTPC, NHPC, and PGCL - have ambitious plans for the planning periods. In addition, the value of overseas projects, under execution by Indian Companies, is conservatively estimated to be around USD 4,176 million covering major markets in Malaysia, Middle East, and East Africa. The industry is characterized by a large number of players - a trend mirrored even in larger and mature markets such as the US and Japan. However, no single company controls a large share of the overall market, thus the market is very large and fragmented. The infrastructure budget of the Government of India is given below:

The Infrastructure Budget of the Government for the period FY 2002 -2007 is:

Sector	FY2001-04	FY2004-07
	USD millions	USD millions
Roads	\$ 7,656.61	\$ 14,617.16
Power	9,280.74	19,721.57
Oil and Gas	8,816.70	15,313.22
Ports/Airports/Shipping	2,088.16	3,712.29
Railways	7,424.59	11,136.89
Telecom	15,313.22	16,937.35
Total	\$ 50,580.02	\$ 81,438.48

The outlay for the Central Sector Roads alone is USD 12,642.69 millions.

The current road projects commissioned in India are:

Funding Agency/Source	No. of Projects	Total Value
		(USD in Millions)
NHAI	50	\$ 2,218.46
World Bank	15	1,043.20
Asian Development Bank	8	290.14
Annuity	8	546.10
BOT	7	768.90
Total	88	\$ 4,866.80

### QUALITATIVE AND QUANTITATIVE RISKS AND CHALLENGES.

The industry is highly governed by the political environment and economic policies in the country. Any change in policies may slow down the growth of the industry.

**Foreign Competition** - The government of India has opened the sector to bids by foreign companies. In the future we may face increased competition from international companies.

**Domestic Competition** - The Company faces two types of competition in the domestic sector:

- Competition from the local companies that have a small regional footprint - These types of companies typically compete for small local contracts.
- Marketing /Business Development - Construction contracts are offered by the Government sector including the Central and the State Governments. Funds for these are allocated through their budgets as well as through international and domestic financial institutions such as the World Bank, Asian Development Bank, Japan Bank for International Co-operation, Housing & Urban Development Corporation, National Bank for Agricultural & Rural Development. In view of the nature of our market, the major sources

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of information of ensuing tenders for construction contracts are newspapers and government gazettes. In addition, construction contracts are also offered by the private sector. While there is increased transparency in the bid process, a change in the methodology of bidding and award of contracts could adversely affect the Company.

For a more detailed discussion, see [Risk Factors](#).

### **Client Risk**

The Company focuses on projects undertaken by government and government enterprises. Our business therefore requires that we continue to maintain a pre-qualified status with key clients and that we are not disqualified from future projects. The loss of a significant client, or a number of significant clients for any reason, including as a result of disqualification or dispute, may have an adverse effect on Company.

### **Vendor Risk**

The Company is significantly affected by the availability, cost and quality of raw materials including 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. However, drastic changes in the global markets for raw material and fuel could affect our vendors creating a disruption in delivery schedules that could affect our ability to execute contracts in a timely manner.

### **Compliance, Legal and Operational Risks**

Sricon operates under regulatory and legal obligations imposed by local governments and securities regulators. Those obligations relate, among other things, to the company's financial reporting, trading activities, capital requirements and the supervision of its employees. 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 Sricon's activities and financial performance.

### **Interest Rate Risk**

The industry is one in which leverage plays a large role. In the past Sricon has borrowed heavily and sometimes at high interest rates because of inadequate equity capitalization. With the sale of Sricon shares to IGC, it is projected that Sricon will have a much stronger balance sheet and will be able to borrow at lower interest rates. However, as the Indian economy grows and if interest rates in general raise, Sricon's overall profitability will be impacted.

### **Exchange Rate Sensitivity**

Sricon does all its business in Indian Rupees and as such has little, if any, direct sensitivity to variations in exchange rates.

### **CRITICAL ACCOUNTING POLICIES**

The preparation of financial statements in conformity with U.S. GAAP requires Sricon management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Sricon has based its estimates and judgments on historical experience and other assumptions that it finds reasonable under the circumstances. Actual results may differ from such estimates under different conditions and could have a material impact on the financial statements, and it is possible that such changes could occur in the near term.

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Significant estimates and assumptions are used when accounting for certain items, such as but not limited to, revenue recognition, the useful lives and the evaluation of impairment of property and equipment, income taxes, contingencies and the provision for impairment of receivables and advances. Actual results could differ from these estimates.

Summarized balance sheet information for Sricon is as follows:

<b>(Amounts in Thousand US Dollars)</b>	<b>As of March 31, 2007</b>	<b>As of September 30, 2007</b>
Total Assets	\$15,358	\$15,580
Total liabilities and stockholders' equity	\$15,358	\$15,580

Major items of Sricon's assets and liabilities are as follows:

<b>(Amounts in Thousand US Dollars)</b>	<b>As of March 31, 2007</b>	<b>As of September 30, 2007</b>
<b>ASSETS</b>		
Accounts receivables	\$2,751	\$ 6,574
Unbilled receivables	2,866	2,442
Inventories	71	146
BOT Project under progress	3,080	□
<b>LIABILITIES</b>		
Short-term borrowings and current portion of long-term debt	3,646	3,570
Due to related parties	2,264	1,744
Long-term debt, net of current portion	2,182	2,479
Other liabilities	1,913	896
Total stockholders' equity	\$4,289	\$ 5,400

Summarized statement of income information for Sricon is as follows:

<b>(Amounts in Thousand US Dollars)</b>	<b>For the six months ended September 30, 2006</b>	<b>September 30, 2007</b>
Revenue	\$ 4,422	\$ 7,251
Expenses	(3,998)	(5,882)
Net Income	\$ 174	\$ 731

## Results of Operations

The following table sets forth an overview of Sricon's results of operations for the time periods stated.

**(Amounts in Thousand US Dollars)** **For the six months ended**

	September 30, 2006	September 30, 2007
Revenue	\$ 4,422	\$ 7,251
<b>Net income before income taxes</b>	<b>232</b>	<b>1,059</b>
Income Taxes	(58)	(328)
<b>Net Income</b>	<b>174</b>	<b>731</b>
Income (loss) per share: basic and diluted	\$ 0.06	\$ 0.25

### Accounting Developments and their impact on Sricon.

In September 2006, the FASB issued FAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans" (FAS 158). This Statement requires companies to recognize the over-funded or under-funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position. The Company has applied FAS 158, which has no impact on the financial statements.

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In May 2005, the FASB issued FAS No. 154, "Accounting Changes and Error Corrections-a replacement of APB Opinion No. 20 and FASB Statement No. 3" (FAS 154). This Statement replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements." This Statement requires retrospective application to prior periods' financial statements for changes in accounting principle, unless it is impractical to determine either the period-specific effects or the cumulative effect of the change. FAS 154 also requires that a change in depreciation, amortization, or depletion method for long, non-financial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. The Company adopted FAS 154 for accounting changes and corrections of errors made after the adoption date. The adoption of the provisions of FAS 154 did not have an impact on the Company's financial statements.

In September 2006, the Securities and Exchange Commission ("SEC") staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for purposes of determining whether the current year's financial statements are materially misstated. The provisions of SAB 108 are required to be applied by registrants in their annual financial statements covering fiscal years ending on or before November 15, 2007. The adoption of the provisions of SAB 108 did not have an impact on the Company's financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (an interpretation of FASB Statement No. 109) (FIN 48). FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The provisions of FIN 48 will be applied beginning in the first quarter of 2008 (i.e. from April 1, 2008), with the cumulative effect of the change in accounting principle recorded as an adjustment to retained earnings. The Company is currently assessing the impact of the adoption of this Interpretation on its financial statements.

## RESULTS OF OPERATIONS

### Six Months Ended September 30, 2007 compared to Six Months Ended September 30, 2006

#### Revenues

Total revenue was USD 7.25 million in the half year ended September 30, 2007, and USD 4.42 million for the corresponding 6-month period in 2006, an increase of 64%. The company began executing on several contracts including one for the civil construction of cement plants. The company continues to have a large back log of projects for which construction activity is expected to start in the November-December time frame.

### **Expenses**

Sricon's expenses principally consisted of construction materials, employee compensation and benefits, depreciation and amortization, interest expense and general and administrative expense. In the six months ended September 30, 2007, total expenses increased by USD 2.00 million, or 47%, as compared with the six months ended September 30, 2006. Cost of revenue increased by USD 1.67 million, or 48%, as compared with the six months ended September 30, 2006. The increase was due to higher contract revenue during the six months. Selling, general and administrative expenses increased by USD 0.17 million, or 39%, as compared with the six months ended September 30, 2006, due to higher scale of operations during the six months. Interest expense increased by USD 0.12 million, or 52%, as compared with the six months ended September 30, 2006. The increase was due to higher utilization of debt and an increase in interest rates.

### **Liquidity and Capital Resources**

Sricon's senior management establishes the overall liquidity and capital policies of the Company. The Company's liquidity and funding risk management policies are designed to ensure that Sricon is able to access adequate financing to service its financial obligations when they are due. The principal sources of financing Sricon's business are Stockholders' Equity and overdraft facilities from banks.

As of September 30, 2007, Sricon's net capital exceeded the net capital requirements.

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Sricon has entered into credit facilities with various banks. As of March 31, 2007, Sricon had access, with certain limitations, to USD 2.49 million in unutilized bank borrowings.

### **Cash Flows**

During the six months ended September 30, 2007, Sricon used USD 0.62 million in cash in operating activities. The net cash was mainly used to finance the increased receivables, trade payables and other non-current liabilities. Sricon also invested in the purchase of plant and machinery and other equipment for USD 0.01 million, resulting in net cash used in investing activities of USD 0.22 million. These investments were mainly financed from bank overdrafts, term loans, reinvestment of profits and customer and related party balances. The net decrease in cash and cash equivalents was USD 0.04 million.

In the six months ended September 30, 2006, net cash used by operating activities was USD 0.23 million. The cash was mainly used to fund increases in unbilled and billed receivable. In that same six months, Sricon made investments in the purchase of plant and machinery and other equipment for USD 0.37 million, resulting in net cash used in investing activities of USD 0.36 million. These investments were financed from bank overdraft, term loans and reinvestment of profits. The net decrease in cash and cash equivalents was USD 0.48 million.

Sricon believes that its net income, existing cash balances and its credit facility will be sufficient to meet its cash requirements for the next twelve months. In the longer term, the Company believes future cash requirements will continue to be met by its cash from operations, credit arrangements and future debt or equity financings as required.

### **Fiscal Year Ended March 31, 2007 compared to Fiscal Year Ended March 31, 2006**

#### **Revenues**

Total revenues were USD 10.60 million in the fiscal year ended March 31, 2007, and USD 11.01 million for the corresponding 12-month period in 2006.

#### **Expenses**

Sricon's expenses principally consist of construction materials, employee compensation and benefits, depreciation and amortization, interest expense and general and administrative expense. In the year ended

March 31, 2007, total expenses decreased by USD 0.47 million, or 5%, over the 2005-06 period. Cost of Revenue decreased by USD 0.50 million, or 6%, over 2005-06. The decrease was due to lower contract revenue during the year. Selling, general and administrative expenses decreased by USD 0.13 million, or 10%, over 2005-06, due to lower scale of operations during the year. Interest expense increased by USD 0.14 million, or 37%, over 2005-06. The increase was due to higher utilization of debt and an increase in interest rates.

### ***Liquidity and Capital Resources***

Sricon's senior management establishes the overall liquidity and capital policies of the company. The company's liquidity and funding risk management policies are designed to ensure that Sricon is able to access adequate financing to service its financial obligations when they are due. The principal sources of financing Sricon's business are shareholder's equity and overdraft facilities from banks.

As of March 31, 2007, Sricon's net capital exceeded the net capital requirements.

Sricon has entered into credit facilities with various banks. As of March 31, 2007, Sricon had access, with certain limitations, USD 2.49 million in unutilized bank borrowings.

### ***Cash Flows***

Sricon used USD 0.91 million in operating activities during 2006-07. The net cash was mainly used to finance the increased receivables, BOT Project under Progress and decreased trade payables. Sricon also invested in the purchase of plant & machinery and other equipment for USD 0.73 million resulting in net cash used in investing

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activities of USD 0.18 million in 2006-07. These investments were mainly financed from bank overdrafts, term loans, reinvestment of profits and customer and related party balances. The net decrease in cash and cash equivalents was USD 0.45 million during the 2006-07 fiscal years.

Sricon believes that its cash profits, existing cash balances and its credit facility will be sufficient to meet its cash requirements for the next twelve months. In the longer term, the company believes future cash requirements will continue to be met by its cash from operations, credit arrangements and future debt or equity financings as required.

### **Fiscal Year Ended March 31, 2006 compared to Fiscal Year Ended March 31, 2005**

#### ***Revenue***

Total revenues were USD 11.01 million in 2005-06, and USD 11.48 million for the previous 12-month period.

#### ***Expenses***

Total expenses decreased by USD 0.23 million, or 2%, over 2004-05. Cost of Revenue decreased by USD 0.68 million, or 7%, over 2004-05. The decrease was due to lower contract revenue during the year. Selling, general and administrative expenses increased by USD 0.32 million, or 35%, over 2004-05. Interest expense increased by USD 0.08 million, or 25%, over 2004-05. The increase was due to higher utilization of financing and an increase in interest rates.

### ***Liquidity and Capital Resources***

Sricon's senior management establishes the overall liquidity and capital policies of the company. The company's liquidity and funding risk management policies are designed to ensure that Sricon is able to access adequate financing to service its financial obligations when they are due. The principal sources of financing Sricon's business are shareholder's equity and overdraft facilities from banks.

As of March 31, 2006, Sricon's net capital exceeded the net capital requirements.

Sricon has entered into credit facilities with various banks. As of March 31, 2006, Sricon had access, with certain limitations, to USD 3.02 million in unutilized bank borrowings.

### Cash Flows

In the 2005-06 fiscal years, net cash used by operating activities was USD 2.17 million. The cash was mainly used to fund increase in unbilled receivable and BOT Project under Progress.. In that same year, Sricon made investments in the purchase of plant & machinery and other equipment for USD 1.42 million resulting in net cash used in investing activities of USD 1.41 million. These investments were financed from bank overdraft, term loans and reinvestment of profits. The net increase in cash and cash equivalents was USD 0.28 million during the year.

Sricon believes that its cash profits, existing cash balances and its credit facility will be sufficient to meet its cash requirements for the next twelve months. In the longer term, the company believes future cash requirements will continue to be met by its cash from operations, credit arrangements and future debt or equity financings as required.

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### SELECTED HISTORICAL FINANCIAL INFORMATION OF TECHNI BHARATHI LIMITED

The following selected financial data have been derived from our audited financial statements and un-audited condensed financial statements, in each case including the notes thereto, contained elsewhere in this proxy statement and should be read in conjunction with those financial statements and the notes thereto, as well as in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations of TBL. The historical results included below and elsewhere herein are not indicative of the future performance of TBL.

<b>(Amounts in Thousand US Dollars, except share data and as stated otherwise)</b>	<b>Six months ended September 30, 2006</b>	<b>Six months ended September 30, 2007</b>
Revenue	\$ 316	\$ 2,855
Cost of Revenue	(633)	(2,017)
Selling, General and Administration Expenses	(151)	(280)
Depreciation	(180)	(102)
	(964)	(2,399)
Operating Income/ (Loss)	(648)	456
Interest Expense (net)	(408)	(331)
Interest Income (net)		26
Other Income	189	2,661
Net (loss)/income before income taxes	(867)	2,812
Income taxes	12	(83)
Net (loss)/income after income taxes	(855)	2,729
Provision for Dividend on Preference Stock and tax thereon	□	(78)
Net (loss)/income	(855)	2,651
Earnings per share:		
Basic	\$ (0.20)	\$ 0.64
Diluted	\$ (0.20)	\$ 0.34
Weighted average number of shares outstanding □ Basic	4,287,500	4,287,500
Weighted average number of shares outstanding - Diluted	4,287,500	8,037,500

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF TECHNI BHARATHI LIMITED**

This discussion and analysis of the financial condition and results of operations of TBL contains forward-looking statements. Statements that are not statements of historical fact, including expressions of beliefs and expectations, are forward-looking in nature and are based on current plans, estimates and projections. Forward-looking statements are applicable only as of the date they are made, and neither we nor the TBL undertakes an obligation to update any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include those identified under the headings "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

**OVERVIEW**

TBL was incorporated in 1982. For the first decade TBL worked mainly on projects of dam construction, dam intake structure and power plant rehabilitation of moderate size, mostly as a sub-contractor to larger construction companies. In 1991, with the award of the construction of the Lakhya Dam, TBL expanded to engineering construction contracts.

The various construction activities that the Company undertakes are:

- Roads and bridges
- Mechanized earthworks
- Hydro-electric project

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- High-rise building complexes and townships
- Dams and tunnels
- Irrigation projects
- Airport runways and other infrastructure
- Turnkey projects
- Railroad construction

TBL is a closely held Public Limited Company incorporated under the Indian Companies Act, 1956 with shares being held by a group of individuals led by Mr. V C Antony, Mr. Jortin Antony (son of V C Antony) and their associates. TBL participated in joint venture bidding which have been formed for the sole purpose of bidding, negotiating and completing specific projects. To date, TBL have entered into three joint ventures, namely Tantia-TBL joint venture, BEL-TBL joint venture and Valecha-TBL joint venture.

**Recent Developments**

The Company has signed a letter of intent with IGC, dated September 5, 2007 to accept investment through its subsidiary IGC (Mauritius) by allotment of new equity shares leading to post investment ownership of approximately 77% by IGC and or its assignee. On September 16, 2007, the Company signed a Share Subscription Agreement with IGC to (1) agree to the sale of the convertible debenture held by Odeon, (2) the subscription of shares and (3) sell a convertible debt instrument.



## **OPPORTUNITIES AND INDUSTRY OVERVIEW**

The business of TBL is substantially the same as that of Sricon. Accordingly, the industry outlook overview and opportunities are substantially the same as that presented for Sricon. Please see [Management]'s Discussion and Analysis of Financial Conditions and Results of Operations of Sricon Infrastructure Private Limited [Opportunities and Industry Overview].

## **QUALITATIVE AND QUANTITATIVE RISKS AND CHALLENGES.**

The competition and risks to the business are substantially the same as those outlined for Sricon. Please see [Management]'s Discussion and Analysis of Financial Conditions and Results of Operations of Sricon Infrastructure Private Limited.-Qualitative and Quantitative Risks and Challenges.

### **Credit Risk**

TBL has been restructuring its debt with the banks. In most cases it has managed to obtain concessions on the amount of loans repaid by TBL. These concessions mostly correspond to the amount of unpaid interest. Management expects, based on common practice in India, banks to tighten its credit limits to TBL for the next one to three years. While there is no guarantee, it is expected that the change of ownership brought on by IGC's acquisition of TBL, the recapitalization of TBL's balance sheet and IGC own balance sheet could meet the higher credit standards imposed by the banks in India. If the banks in India stop lending to TBL, the rate at which TBL can grow will be curtailed unless IGC intervenes with funding and stronger credit guarantees.

### **Client Risk**

The Company focuses on projects undertaken by government and government enterprises. Our business therefore requires that we continue to maintain a pre-qualified status with key clients and that we are not disqualified from future projects. The loss of a significant client, or a number of significant clients for any reason, including as a result of disqualification or dispute, may have an adverse effect on Company.

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### **Vendor Risk**

The Company is significantly affected by the availability, cost and quality of raw materials including 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. However, drastic changes in the global markets for raw material and fuel could affect our vendors creating a disruption in delivery schedules that could affect our ability to execute contracts in a timely manner.

### **Compliance, Legal and Operational Risks**

TBL operates under regulatory and legal obligations imposed by local governments and securities regulators. Those obligations relate, among other things, to the company's financial reporting, trading activities, capital requirements and the supervision of its employees. 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 TBL's activities and financial performance.

## **CRITICAL ACCOUNTING POLICIES**

The preparation of financial statements in conformity with U.S. GAAP requires TBL management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. TBL has based its estimates and judgments on historical experience and other assumptions that it finds reasonable under the circumstances. Actual results may differ from such estimates under different conditions and could have a material impact on the financial statements, and it is possible that such changes

could occur in the near term.

Significant estimates and assumptions are used when accounting for certain items, such as but not limited to, revenue recognition, the useful lives and the evaluation of impairment of property and equipment, the income tax, the contingencies and the provision for impairment of receivables and advances. Actual results could differ from these estimates.

Summarized balance sheet information for TBL is as follows:

<b>(Amounts in US Dollars □000)</b>	<b>As of</b>	
	<b>March 31, 2007</b>	<b>September 30, 2007</b>
Total Assets	\$7,098	\$6,442
Total Liabilities and Stockholders' Equity	\$7,098	\$6,442

Major items of TBL's assets and liabilities are as follows:

<b>(Amounts in US Dollars □000)</b>	<b>As of</b>	
	<b>March 31, 2007</b>	<b>September 30, 2007</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,208	\$ 100
Inventories	1,284	1,784
Prepaid and other assets	1,231	798
Property, plant and equipment (net)	2,265	2,352
<b>LIABILITIES</b>		
Short term borrowings and current portion of long term loan	6,079	□
Trade payable	1,502	3,168
Long term debts, net of current portion	2,333	3,870
Advance from customers	1,877	884
Total Stockholders' equity	\$(4,895)	\$(1,504)

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Summarized statement of income information for TBL is as follows:

<b>(Amounts in US Dollars □000)</b>	<b>For the six months ended</b>	
	<b>September 30, 2006</b>	<b>September 30, 2007</b>
Revenues	\$ 316	\$ 2,855
Expenses	(1,372)	(2,730)
Net Income (Loss)	\$ (855)	\$ 2,651

### Results of Operations

The following table sets forth an overview of TBL's results of operations for the time periods stated.

<b>(Amounts in US Dollars □000)</b>	<b>For the six months ended</b>	
	<b>September 30, 2006</b>	<b>September 30, 2007</b>
Revenue	\$ 316	\$ 2,855
Other Income	189	2,661
<b>(Loss) / Income Before Income Taxes</b>	<b>(867)</b>	<b>2,812</b>

Income Taxes	(12)	(83)
<b>(Loss) / Income after Income Taxes</b>	<b>(855)</b>	<b>2,729</b>
Provision for dividend on Preference Shares and Tax thereon	□	(78)
Net (Loss) / Income	(855)	2,651
Earning per Share - Basic	(0.20)	0.64
Earning per Share - Diluted	\$ (0.20)	\$ 0.34

### Recent Accounting Developments and their impact on TBL

In May 2005, the FASB issued FAS No. 154, "Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3" (FAS 154). This Statement replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements." This Statement requires retrospective application to prior periods' financial statements for changes in accounting principle, unless it is impractical to determine either the period-specific effects or the cumulative effect of the change. FAS 154 also requires that a change in depreciation, amortization, or depletion method for long, non-financial assets be accounted for as a change in accounting estimate effected by a change in accounting principle. The Company adopted FAS 154 for accounting changes and corrections of errors made after the adoption date. The adoption of the provisions of FAS 154 did not have an impact on the Company's financial statements.

In September 2006, the Securities and Exchange Commission ("SEC") staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"). SAB 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for purposes of determining whether the current year's financial statements are materially misstated. The provisions of SAB 108 are required to be applied by registrants in their annual financial statements covering fiscal years ending on or before November 15, 2007. The adoption of the provisions of SAB 108 did not have an impact on the Company's financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" an interpretation of FASB Statement No. 109" (FIN 48). FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. The provisions of FIN 48 will be applied beginning in the first quarter of 2008 (i.e. from April 1, 2008), with the cumulative effect of the change in accounting principle recorded as an adjustment to retained earnings. The Company is currently assessing the impact of the adoption of this Interpretation on its financial statements.

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## RESULTS OF OPERATIONS

### Six Months Ended September 30, 2007 compared to Six Months Ended September 30, 2006

#### Revenues

Revenue, not including one time gains, increased from \$.316 million to \$2.855 million for the six months ended September 2006 and 2007 respectively an increase of 903%. The increase was primarily due to increased revenue from executing projects on hand.

#### Other Income

Other income typically includes the sale and hauling of scrap and other waste from construction sites as well as income from the rental of idle equipment. Other income for the six months ended September 30, 2006 was .181 million. Other income inclusive of one-time gains, for the six months ended September 30, 2007 was \$ 2.661 million. The one time gain was approximately \$2,300,000 from the one-time settlement with TBL's lenders. In

2004 and 2005, in order to expand the business rapidly, TBL borrowed funds from a consortium of four banks. The loans were collateralized by personal assets of the founders of TBL, including real estate and personal residence. In FY2006, the total liability was around \$16 million. The company was unable to build its revenue base to a large enough run rate to support interest and repayment of the loans. In order to decrease its debt load, the company negotiated a settlement with the banks. The settlement entailed a combination of immediate repayment of principal through a combination of capital infusion (raised either by the sale of real estate, or capital stock) and an abatement and forgiveness of accrued interest. TBL reduced its total liabilities to around \$8 million by September 2007. The one time gain resulted from the reversal of interest accruals made by the company.

### **Expenses**

During the six months ended September 30, 2007, TBL's expenses principally consisted of construction materials, employee compensation and benefits, depreciation and amortization, interest expense and general and administrative expense. In the six months ended September 30, 2007, total expenses increased by USD 1.36 million, or 98%, as compared with the six months ended September 30, 2006. Cost of revenue increased by USD 1.39 million, or 219%, as compared with the six months ended September 30, 2006. The increase was due to higher contract revenue during the year. Selling, general and administrative expenses increased by USD 0.13 million, or 86%, as compared with the six months ended September 30, 2006. Interest expense decreased by USD 0.07 million, or 19%, as compared with the six months ended September 30, 2006. The decrease was due to repayment of debts.

### **Liquidity and Capital Resources**

TBL's senior management establishes the overall liquidity and capital policies of the Company. The Company's liquidity and funding risk management policies are designed to ensure that TBL is able to access adequate financing to service its financial obligations when they are due. The principal sources of financing TBL's business are Stockholders' Equity and overdraft facilities from banks. TBL has entered into credit facilities with various banks.

### **Cash Flows**

TBL generated about USD 2.8 million in operating activities during the six months ended September 30, 2007. The net cash was mainly generated from increased prepaid and other asset and trade payables. TBL paid debts of USD 5.23 million in the six months ended September 30, 2007. The net decrease in cash and cash equivalents was USD 1.16 million during the six months ended September 30, 2007.

In the six months ended September 30, 2006, net cash generated in operating activities was USD 0.35 million. The cash was mainly used to fund increases in trade payables and decrease in advance from customers. The net decrease in cash and cash equivalents was USD 0.02 million during the six months ended September 30, 2006.

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TBL believes that its net income, existing cash balances and its credit facility will be sufficient to meet its cash requirements for the next twelve months. In the longer term, the Company believes future cash requirements will continue to be met by its cash from operations, credit arrangements and future debt or equity financings as required.

### **Fiscal Year Ended March 31, 2007 compared to Fiscal Year Ended March 31, 2006**

#### **Revenues**

Total revenues were USD 4.32 million in the fiscal year ended March 31, 2007, an increase of 89% over the corresponding 12-month period in 2006.

#### **Other Income**

Other income in FYE 2007 and FYE 2006 was USD 532 thousand and USD 516 thousand. Other income typically includes the sale and hauling of scrap and other waste from construction sites as well as income from the rental of idle equipment.

### **Expenses**

TBL's expenses principally consist of construction materials, employee compensation and benefits, depreciation and amortization, interest expense and general and administrative expense. In the year ended March 31, 2007, total expenses decreased by USD 0.75 million, or 14%, over the 2005-06 period. Cost of Revenue decreased by USD 0.09 million, or 3%, over 2005-06. The decrease was due to higher contract revenue during the year. Selling, general and administrative expenses decreased by USD 0.16 million, or 26%, over 2005-06, due to high level cost cutting measures adopted by the management during the year. Interest expense decreased by USD 0.38 million, or 25%, over 2005-06. The decrease was due to repayment of debts.

### **Liquidity and Capital Resources**

TBL's senior management establishes the overall liquidity and capital policies of the company. The company's liquidity and funding risk management policies are designed to ensure that TBL is able to access adequate financing to service its financial obligations when they are due. The principal sources of financing TBL's business are shareholder's equity and overdraft facilities from banks. TBL has entered into credit facilities with various banks.

### **Cash Flows**

TBL generated USD 4.95 million in operating activities during 2006-07. The net cash was mainly generated from decreased inventory and increased trade payables. TBL paid debts USD 4.2 million in 2006-07. The net increase in cash and cash equivalents was USD 1.08 million during the 2006-07 fiscal years.

TBL believes that its cash profits, existing cash balances and its credit facility will be sufficient to meet its cash requirements for the next twelve months. In the longer term, the company believes future cash requirements will continue to be met by its cash from operations, credit arrangements and future debt or equity financings as required.

### **Fiscal Year Ended March 31, 2006 compared to Fiscal Year Ended March 31, 2005**

#### **Revenues**

Total revenues were USD 2.29 million in 2005-06, a decrease of 74% over the previous 12-month period.

#### **Other Income**

Other income for FYE 2006 and 2005 was USD 516 thousand and USD 871 thousand respectively. Other income typically includes the sale and hauling of scrap and other waste from construction sites as well as income from the rental of idle equipment.

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### **Expenses**

Total expenses decreased by USD 8.52 million, or 62%, over 2004-05. Cost of Revenue decreased by USD 7.44 million, or 74%, over 2004-05. The decrease was due to lower contract revenue during the year. Selling, general and administrative expenses decreased by USD 0.77 million, or 56%, over 2004-05. Interest expense decreased by USD 0.34 million, or 18%, over 2004-05.

### **Liquidity and Capital Resources**

TBL's senior management establishes the overall liquidity and capital policies of the company. The company's liquidity and funding risk management policies are designed to ensure that TBL is able to access adequate financing to service its financial obligations when they are due. The principal sources of financing TBL's business are shareholder's equity and overdraft facilities from banks. TBL has entered into credit facilities with various banks.

### **Cash Flows**

In the 2005-06 fiscal year, net cash used by operating activities was USD 0.76 million. The cash was mainly used to fund the advance from customers. In that same year, TBL has made sale of plant & machinery and other equipment for USD 0.43 million resulting in net cash generated in investing activities of USD 0.55 million.

TBL believes that its cash profits, existing cash balances and its credit facility will be sufficient to meet its cash requirements for the next twelve months. In the longer term, the company believes future cash requirements will continue to be met by its cash from operations, credit arrangements and future debt or equity financings as required.

### **UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENT**

The following unaudited pro forma condensed balance sheet combines the historical balance sheets of Sricon, TBL and IGC as of September 30, 2007, giving effect to the Acquisition as if it had been consummated on September 30, 2007.

The following unaudited pro forma condensed statement of operations for the six months ended September 30, 2007 combines the condensed unaudited statements of operations of TBL for the six months ended September 30, 2007 and the condensed unaudited statement of operations of Sricon for the six months ended September 30, 2007 with the unaudited statement of operations of IGC for the six months period ended September 30, 2007, giving effect to the Acquisition as if it had occurred at the beginning of the periods presented.

The following unaudited pro forma statement of operations for the fiscal year ended March 31, 2007 combines the audited statements of operations of TBL for the fiscal year ended March 31, 2007 and the audited statement of operations of Sricon for the fiscal year ended March, 2007 with the audited statement of operations of IGC for the fiscal year ended March 31, 2007, giving effect to the Acquisition as if it had occurred at the beginning of the periods presented.

The historical financial information has been adjusted to give effect to pro forma events that are directly attributable to the Acquisition, are factually supportable and are expected to have a continuing impact on the combined results.

In addition to the Acquisition Proposal we expect to fund a wind energy farm that will be constructed by CWEL. The 24-mega watt wind energy farm is expected to cost INR 1,140,000,000 (about USD 28.5 million, at an exchange rate of INR 40 per USD). We expect to fund the construction of the wind energy farm through a yet to be formed, wholly owned Indian subsidiary called IGC-Power. We expect to invest approximately USD 6,150,000 in equity to capitalize IGC-Power, transfer the deposit of \$250,000 from CWEL to IGC-Power and anticipate obtaining a credit facility for about USD 22.1 million. No arrangements have yet been made for the debt financing. We expect to file a Form 8-K setting forth the details of the debt financing if and when the arrangements are finalized. Because the wind farm has not yet been constructed, the pro forma financial statements do not reflect the impact of the proposed wind farm because such inclusion would constitute a forecast or projection. However, the \$250,000 we have paid as a deposit on the wind farms is reflected on the pro forma statements.

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The unaudited pro forma condensed unaudited balance sheet information at September 30, 2007, and the unaudited pro forma condensed statement of operations for the six months ended September 30, 2007, and the fiscal year ended March 31, 2007, have been prepared using two different levels of approval of the transaction by the IGC stockholders, as follows:

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- Assuming No Exercise of Redemption Rights: This presentation assumes that none of the IGC stockholders exercise their redemption rights; and
- Assuming Maximum Exercise of Redemption Rights: This presentation assumes that stockholders holding 2,259,770 common stock exercise their redemption rights.

We are providing the following information to aid you in your analysis of the financial aspects of the acquisition.

We derived the pro forma information for the six months ended September 30, 2007 from the condensed unaudited condensed financial statements of Sricon for the six months ended September 30, 2007, the condensed unaudited financial statements of TBL for the six months ended September 30, 2007 and from the unaudited condensed financial statements of IGC for the six months ended September 30, 2007.

We derived the pro forma information for the fiscal year ended March 31, 2007 from the audited financial statements of Sricon, TBL and IGC for the fiscal year ended March 31, 2007.

This information should be read together with IGC's audited and unaudited financial statements and related notes, the Sricon audited and unaudited financial statements and related notes, the TBL audited and unaudited financial statements and related notes, Management's Discussion and Analysis of Financial Condition and Results of Operations of each of Sricon, TBL and IGC and other financial information included elsewhere in this proxy statement.

The unaudited pro forma condensed information is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on the unaudited pro forma condensed financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience. IGC, Sricon and TBL have not had any historical relationships prior to the Acquisition. Accordingly, no pro forma adjustments were required to eliminate activities among the companies.

In the proposed acquisition of Sricon, IGC intends to acquire 4,041,676 newly-issued equity shares directly from Sricon and 351,840 equity shares from the promoters so that at the conclusion of the transactions contemplated by the Sricon Subscription Agreement, IGC will own approximately 63% of the outstanding equity shares of Sricon in exchange for consideration consisting of: (i) INR 120,000,000 (approximately \$3,000,000 at an exchange rate of INR 40 per USD) in cash at closing for the Sale Shares, representing a price per share of INR 341.06 (approximately \$8.53 per share at an exchange rate of INR 40 per USD), (ii) INR 1,030,000,000 (approximately \$25,750,000 at an exchange rate of INR 40 per USD) in cash at closing for the New Sricon Shares, representing a price per share of INR 254.84 approximately \$6.37 at an exchange rate of INR 40 per USD).

In the proposed acquisition of TBL, IGC intends to acquire 7,150,000 newly-issued equity shares and 12,500,000 newly-issued 6% compulsorily convertible preference shares (CPS), which may be converted to 2,100,000 shares of common stock, directly from TBL, and 5,000,000 convertible preference shares of TBL (the TBL Preference Shares) from Odeon so that at the conclusion of the transactions contemplated by the TBL Subscription Agreement, IGC will own, assuming both convertibles are converted, approximately 77% of the outstanding equity shares of TBL on a fully-diluted basis for consideration consisting of: (i) INR 275,000,000 (approximately \$6,875,000 at an exchange rate of INR 40 per USD) in cash at closing for the 7,150,000 new equity shares, representing a price per share of INR 38.46 (approximately \$0.96 at an exchange rate of INR 40 per USD), (ii) INR 125,000,000 (approximately \$3,125,000 at an exchange rate of INR 40 per USD) in cash at closing for the CPS, representing a price per share of INR 10.00 (approximately \$0.25 at an exchange rate of INR 40 per USD) and (iii) \$2,000,000 in cash at closing for the TBL convertible preference shares acquired from Odeon, representing a price per share of \$0.40.

The Acquisition will be accounted for as a business combination with IGC as the accounting acquirer. The determination of IGC as the accounting acquirer has been made based on an evaluation of the relevant factors and circumstances of the Acquisition, including among other factors that IGC stockholders will own a majority stake of the acquired companies upon consummation of the Acquisition, and that certain members of IGC's board of directors

will serve on the board of directors of the acquired companies. Under the purchase method of accounting, the assets and liabilities of Sricon and TBL acquired by IGC will be recorded as of the acquisition date at their respective fair values, and added to those of IGC.

The purchase price for the respective acquisitions will be determined based on the cash consideration given in exchange for the issued and outstanding shares of Sricon and TBL. The allocation of the purchase price including the evaluation and computation of deferred taxes, if any, resulting from the Acquisition reflected in the unaudited pro forma condensed financial statements is preliminary and subject to change based on finalization of IGC's valuation of the acquired assets and liabilities of Sricon and TBL. The pro forma information presented, for the purchase price allocation, is based on preliminary estimates of the fair values of assets acquired and liabilities assumed in connection with the Acquisition. These preliminary estimates are based on available information and certain assumptions we consider reasonable and may be revised as additional information becomes available. These preliminary valuation estimates were derived by management and are reflected in the fair values in these unaudited pro forma condensed financial statements. The final purchase price allocation for the Acquisition will be dependent upon the finalization of asset and liability valuations, which may depend in part on prevailing market rates and conditions. A final determination of these fair values will include assistance provided by an independent appraiser, which will be completed subsequent to the consummation of the Acquisition. These final valuations will be based on the actual net tangible and intangible assets that existed as of the closing date of the Acquisition. Any final adjustments may change the allocations of purchase price, which could affect the fair value assigned to the assets acquired and liabilities assumed and could result in a material change to the unaudited pro forma condensed financial statements, including the amount recorded in respect of goodwill.

**SELECTED UNAUDITED PRO FORMA CONDENSED BALANCE SHEET INFORMATION**  
**As of September 30, 2007**

	<b>Consolidated Assuming No Exercise of Redemption Rights</b>	<b>Consolidated Assuming Maximum Exercise of Redemption Rights</b>
Total Current Assets	\$ 71,207,804	\$ 58,235,381
Property and equipment, net	7,329,787	7,329,787
Goodwill	15,622,550	15,622,550
Total Assets	97,742,840	84,770,417
Long-term debt, net of current portion	6,349,334	6,349,334
Minority Interest	13,490,582	13,490,582
Total stockholders' equity	\$ 65,435,439	\$ 52,463,016

**UNAUDITED PRO FORMA CONDENSED BALANCE SHEET**  
**As of September 30, 2007**

	<b>Sricon</b>	<b>TBL</b>	<b>IGC</b>	<b>Pro Forma Adjustments</b>	<b>Consolidated Assuming No Exercise of Redemption Rights</b>	<b>Pro For Adjustm</b>
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 45,909	\$ 99,874	\$ 258,628	67,091,690 (a) 35,750,000 (a)	\$55,364,047	(12,762,7 (209,63



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				(35,750,000)(a)	
				(5,000,000)(a)	
				(604,900)(d)	
				(3,156,494)(e)	
				(1,769,400)(f)	
				(1,601,250)(g)	
Accounts Receivable	6,573,862	92,553	□		6,666,415
Unbilled Receivables	2,441,568	□	□		2,441,568
Inventories	145,997	1,783,950	□		1,929,947
Investments held in Trust Fund	□	□	67,091,690	(67,091,690)(a)	□
Interest Receivable - Convertible					
Debenture	□	□	157,479		157,479
Convertible debenture in MBL	□	□	3,000,000		3,000,000
Prepaid expenses and other					
current assets	506,422	798,415	21,766		1,326,603
Due from related parties	207,632	114,113	□		321,745
Total Current Assets	9,921,390	2,888,905	70,529,563		71,207,804
Property and equipment, net	4,977,384	2,352,403	□		7,329,787
Goodwill	□	□	□	15,622,550 (a)	15,622,550
Investment - joint ventures	40,978	□	□		40,978
Investment □ others	23,231	77,987	□		101,218
Deposit to CWEL	□	□	250,000		250,000
Restricted cash, non-current	238,168	282,692	□		520,860
Deferred acquisition costs	□	□	252,167	1,601,250 (g)	825,438
				(1,027,979)(a)	
Deferred tax assets, net of valuation					
allowance	□	350,867	625,640		976,507
Other assets	378,490	489,208	□		867,698
<b>Total Assets</b>	<b>\$ 15,579,641</b>	<b>\$ 6,442,062</b>	<b>\$ 71,657,370</b>		<b>\$ 97,742,840</b>
<b>LIABILITIES AND</b>					
<b>STOCKHOLDERS' EQUITY</b>					
Current Liabilities:					
Short-term borrowings and current					
portion of long-term debt	3,569,927	□	□		3,569,927
Trade payables	312,213	3,168,361	□		3,480,574
Accrued expenses	□	□	458,097	(54,910)(d)	241,693
				(156,494)(e)	
Notes payable to stockholders	□	□	545,000	(545,000)(d)	□
Taxes payable	□	□	449,434		449,434
Deferred trust interest	□	□	209,638	(209,638)(h)	□
Note Payable to Oliveira Capital, LLC	□	□	2,491,985	(2,491,985)(e)	□
Due to Underwriters	□	□	1,769,400	(1,769,400)(f)	□

	Sricon	TBL	IGC	Pro Forma Adjustments	Redemption Rights	Pro Forma Adjustments
Due to related parties	1,743,603	□	□		1,743,603	
Other current liabilities	205,678	24,138	□		229,816	
<b>Total current liabilities</b>	<b>5,831,421</b>	<b>3,192,499</b>	<b>5,923,554</b>		<b>9,715,047</b>	
Long-term debt, net of current portion	2,479,367	3,869,967	□		6,349,334	
Advance from Customers	□	883,998	□		883,998	
Deferred taxes on income	595,179	□	□		595,179	
Security Deposit from joint ventures	377,358	□	□		377,358	
Other liabilities	895,903	□	□		895,903	
<b>Total Liabilities</b>	<b>\$ 10,179,228</b>	<b>\$ 7,946,464</b>	<b>\$ 5,923,554</b>		<b>\$18,816,819</b>	
Minority Interest	□	□	□	13,490,582 (a)	13,490,582	
Common stock subject to possible conversion, 2,259,770 at conversion value	□	□	12,762,785	(12,762,785)(h)	□	
<b>STOCKHOLDERS' EQUITY</b>						
Preferred Stock	□	1,182,033	□	(1,182,033)(a)	□	
Common stock	674,000	988,000	1,397	(1,662,000)(a)	1,623	
Additional paid-in capital	726,000	199,000	51,848,146	226 (h) 35,750,000 (a) (36,675,000)(a) 12,762,559 (h)	64,610,705	(12,762,559)
Retained earnings	3,550,077	(3,297,435)	1,121,488	(252,642)(a) (508,015)(e) 209,638 (h)	823,111	(209,638)
Accumulated other comprehensive (loss) income	450,336	(576,000)	□	125,664 (a)	□	
<b>Total stockholders' equity</b>	<b>5,400,413</b>	<b>(1,504,402)</b>	<b>52,971,031</b>		<b>65,435,439</b>	
<b>Total liabilities and stockholders' equity</b>	<b>\$ 15,579,641</b>	<b>\$ 6,442,062</b>	<b>\$ 71,657,370</b>		<b>\$97,742,840</b>	

See Notes to unaudited Pro Forma Condensed Balance Sheet

**NOTES TO UNAUDITED PRO FORMA CONDENSED BALANCE SHEET**  
**As of September 30, 2007**

The unaudited condensed pro forma balance sheet combines the balance sheets of Sricon, TBL and IGC as of September 30, 2007 assuming that the Acquisition had been completed as of September 30, 2007. The historical balance sheets used in the preparation of the pro forma financial statements have been derived from Sricon's, TBL's and IGC's unaudited financial statements as of September 30, 2007. Pro forma adjustments are necessary to record the accounting for the Acquisition, including a preliminary allocation of purchase price to the estimated fair values of assets and liabilities acquired. No pro forma adjustments were required to conform Sricon's or TBL's accounting policies to IGC's accounting policies. Descriptions of the adjustments included in the unaudited pro forma condensed balance sheet are as follows:

(a)

(i) Reflects the release of IGC's restricted cash held in trust to cash and cash equivalents as a result of the acquisition for the payment of the purchase prices of Sricon and TBL as well as the payment of unpaid

acquisition costs.

Amount released from escrow	\$67,091,690
Described in Note b	\$35,750,000
\$2,000,000 for the purchase of CPS from Odeon and \$3,000,000 for the purchase of shares from the promoters of Sricon	\$ 5,000,000

- (ii) Estimated total purchase price is derived as the payment of approximately \$35,750,000 in cash. We have a deposit with CWEL in the amount of \$250,000. The components of the purchase price for Sricon and TBL are summarized as follows:

	<b>Sricon</b>	<b>TBL</b>	<b>Total</b>
New Equity Shares	\$25,750,000	\$ 6,875,000	\$32,625,000
New Preference Shares	□	3,125,000	3,125,000
Equity Shares Purchased from existing shareholders	3,000,000	□	3,000,000
Preference Shares Purchased from existing shareholders	□	2,000,000	2,000,000
Allocation of estimated acquisition costs	689,973	338,006	1,027,979
	\$29,439,973	\$12,338,006	\$41,777,979
Amount paid for the subscription of new equity shares			\$32,625,000
Amount paid for new preference shares			\$ 3,125,000
Total shown in Pro Forma			\$35,750,000

In accordance with Statement of Financial Accounting Standards, or SFAS, No. 141 □Business Combination□, under the purchase method of accounting, the total estimated purchase price for each Sricon and TBL has been allocated to Sricon□s and TBL□s net tangible and intangible assets based on their estimated fair values as of the date of the consummation of the purchase. The estimated purchase price included on the accompanying unaudited pro forma condensed balance sheet is based on the preliminary allocation of purchase price to the estimated fair values of assets acquired and liabilities assumed, and is subject to material changes upon receipt of the final valuation as described in the introduction to these unaudited pro forma condensed financial statements. The preliminary estimate of the purchase price allocation, including recognition of goodwill, is as follows:

	<b>Sricon</b>	<b>TBL</b>	<b>Total</b>
Current assets	\$22,472,975	\$ 9,907,857	\$32,380,832
Property and equipment, net and deposit towards Wind PPE	3,135,752	1,808,321	4,944,073
Other non current assets	428,946	923,034	1,351,980
Goodwill	9,815,213	5,807,337	15,622,550
Short-term borrowings and current portion of long-term debt	(2,249,054)	□	(2,249,054)
Other Current liabilities	(1,424,741)	(2,454,113)	(3,878,854)
Long-term debt, net of current portion	(1,562,001)	(2,974,890)	(4,536,891)
Other non-current liabilities	(1,177,118)	(679,540)	(1,856,657)
Total	\$29,439,973	\$12,338,006	\$41,777,979

Goodwill is calculated as the difference between tangible and intangible net assets (liabilities) acquired and the estimated purchase price. In accordance with Statement of Financial Accounting Standards No. 142, □Goodwill and Other Intangible Assets,□ if the management of IGC determines that the value of goodwill or intangible assets with indefinite lives has become impaired, IGC will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

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- (iii) Reflects the elimination of deferred acquisition costs as of September 30, 2007
- (iv) Reflects the elimination of each of Sricon s, TBL s, and IGC historical capital stock amounts, paid-in capital, treasury stock, accumulated deficits and other comprehensive income and the resulting adjustment to minority interest. Minority interest is generated as IGC is purchasing 63% and 77% of Sricon and TBL respectively.
- (b) This amount reflects the adjustment to the provision (benefit) for income taxes as a result of net operating losses generated for Federal and State income tax purposes on a combined basis.
- (c)
- i. For September 30, 2007: The basic shares include shares sold in the IPO, founder s shares and shares sold in the private placement. The fully diluted shares include basic shares plus the following: shares arising from the exercise of warrants sold as part of the units in the offering plus shares arising from the exercise of warrants issued to Oliveira Capital. The UPO issued to the underwriters (1,500,000 shares) is not considered in this calculation as the strike price for the UPO is out of the money at \$6.50 per share. The historical weighted average per share, for our shares, through September 30, 2007, was applied using the treasury method of calculating the fully diluted shares. The calculation for fully diluted shares includes 2,812,123 shares and excludes 20,561,877 shares from the EPS computations. In the event that there is maximum redemption, a total of 2,259,770 could potentially be redeemed. The shares outstanding for the maximum redemption scenario are the shares in the case of no redemption less 2,259,770.
- ii. For FYE March 31, 2007: The basic shares include shares sold in the IPO, founder s shares and shares sold in the private placement. The fully diluted shares include basic shares plus the following: shares arising from the exercise of warrants sold as part of the units in the offering plus shares arising from the exercise of warrants issued to Oliveira Capital. The UPO issued to the underwriters (1,500,000 shares) is not considered in this calculation as the strike price for the UPO is out of the money at \$6.50 per share. The historical weighted average per share, for our shares, through March 31, 2007 was applied using the treasury method of calculating fully diluted shares. The calculation for fully diluted shares includes 2,972,025 shares and excludes 20,401,975 shares from the EPS computations. In the event that there is maximum redemption, a total of 2,259,770 could potentially be redeemed. The shares outstanding for the maximum redemption scenario are the shares in the case of no redemption less 2,259,770.
- (d) Reflects the repayment of notes payable to the founding stockholders inclusive of accrued interest.
- (e) Reflects the repayment of notes payable to Oliveira Capital, LLC inclusive of accrued interest.
- (f) Reflects the payment of deferred compensation due to the underwriters arising from the IPO.
- (g) Reflects the payment of acquisition costs inclusive of payments to Ferris, Baker Watts, Inc. and SG Americas Securities, LLC., our underwriters.
- (h)
  - (i) Assuming No Exercise of Redemption Rights  
  
Reflects the transfer of common stock subject to possible conversion and deferred trust interest to common stock, additional paid in capital and retained earnings.
  - (ii) Assuming Maximum Exercise of Redemption Rights  
  
Reflects the payment of common stock subject to possible conversion and deferred trust interest.

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### UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS For The Six Months Ended September 30, 2007

**Consolidated  
Assuming No  
Exercise of**

	<b>Sricon</b>	<b>TBL</b>	<b>IGC</b>	<b>Pro Forma Adjustments</b>	<b>Redemption Rights</b>	<b>Pro Forma Adjustment</b>
Revenue	\$ 7,251,166	\$ 2,855,255	\$ □	\$ □	\$ 10,106,421	
Cost of revenue	(5,124,293)	(2,017,534)	□		(7,141,827)	
<b>Gross profit</b>	<b>2,126,873</b>	<b>837,721</b>	□		<b>2,964,594</b>	
Selling, general and administrative expenses	(600,851)	(279,715)	□		(880,566)	
Depreciation	(156,944)	(101,670)	□		(258,614)	
<b>Operating income</b>	<b>1,369,078</b>	<b>456,336</b>	□		<b>1,825,414</b>	
Legal and formation, travel and other start up costs	□	□	(384,528)		(384,528)	
Interest expense	(352,642)	(331,287)	(841,600)	18,710(i) 177,112(j)	(1,329,707)	
Interest income	35,598	25,933	1,298,063	(234,726)(k)	1,124,868	(250,985)
Other Income	7,255	2,661,125	□		2,668,380	
Income before income taxes	1,059,289	2,812,107	71,935		3,904,427	
Provision for income taxes, net	(327,211)	(83,227)	(24,604)	13,306(l)	(421,736)	85,845
Income after income taxes	732,078	2,728,880	47,331		3,482,691	
Provision for Dividend on Preference Stock and its Tax	□	(78,340)	□		(78,340)	
Minority Interest				(880,493)(p)	(880,493)	
<b>Net Income</b>	<b>\$ 732,078</b>	<b>\$ 2,650,540</b>	<b>\$ 47,331</b>		<b>\$ 2,523,858</b>	
Net income per share: basic			\$ 0.00		\$ 0.18	
Net income per share: diluted			\$ 0.00		\$ 0.15	
Weighted average number of shares □ basic			13,974,500	(c)	13,974,500	(c)
Weighted average number of shares □ diluted			13,974,500	(c)	16,786,623	(c)

See Notes to unaudited Pro Forma Condensed Statement of Operations

**NOTES TO UNAUDITED PRO FORMA CONDENSED  
STATEMENTS OF OPERATIONS  
For the Periods Ended September 30, 2007**

The unaudited pro forma condensed statement of operations for the six months ended September 30, 2007 combines the unaudited condensed statements of operations of Sricon for the six months ended September 30, 2007, the unaudited condensed statement of operations of TBL for the six months ended September 30, 2007 and the unaudited condensed statement of operations of IGC for the six months ended September 30, 2007, assuming that the Acquisition occurred at the beginning of the periods presented. The historical statements of operations of Sricon, TBL and IGC for the six months ended September 30, 2007 have been derived from the companies' unaudited statements of operations for such period.

Descriptions of the adjustments included in the unaudited pro forma condensed statements of operations are as follows:

- (i) The amount reflects a decrease in the amount of IGC's interest expense arising from the retirement of the Founding Stockholder's notes.

(j) Reflects the reduction of deferred trust interest because of the redemption of common stock.

(k)

(i) Assuming No Exercise of Redemption Rights

Reflects a reduction of IGC's interest income due to the payment of cash to the Promoters and shareholders of Sricon and TBL in connection with the Acquisition and retirement of Founding Stockholder notes, payment of the note payable to Oliveira Capital LLC, acquisition costs and the deferred compensation paid to the underwriters arising from the IPO. The estimate of reduction in interest income is based on the combined entity having approximately \$12,132,054 less in cash and cash equivalents, at an average rate of return consistent with that earned by IGC, of approximately 1.93% for the six months ended September 30, 2007.

(ii) Assuming No Exercise of Redemption Rights

Reflects a reduction of IGC's interest income due to the payment of cash to the Promoters and shareholders of Sricon and TBL in connection with the Acquisition and retirement of Founding Stockholder notes, payment of the note payable to Oliveira Capital LLC, acquisition costs and the deferred compensation paid to the underwriters arising from the IPO, payment of common stock subject to possible conversion and deferred trust interest. The estimate of reduction in interest income is based on the combined entity having approximately \$25,104,477 less in cash and cash equivalents, at an average rate of return consistent with that earned by IGC, of approximately 1.93% for the six months ended September 30, 2007.

(l) This amount reflects the adjustment to the provision (benefit) for income taxes as a result of net operating losses generated for Federal and State income tax purposes on a combined basis.

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**UNAUDITED PRO FORMA CONDENSED STATEMENT OF OPERATIONS  
For the Year Ended March 31, 2007**

	<b>Sricon</b>	<b>TBL</b>	<b>IGC</b>	<b>Pro Forma Adjustments</b>	<b>Consolidated Assuming No Exercise of Redemption Rights</b>	<b>Pro Forma Adjustments</b>
Revenue	\$ 10,604,093	\$ 4,318,000	\$ □	\$ □	\$ 14,922,093	□
Cost of revenue	(8,100,559)	(2,656,000)	□	□	(10,756,559)	□
<b>Gross profit</b>	<b>2,503,534</b>	<b>1,662,000</b>	□	□	<b>4,165,534</b>	□
Selling, general and administrative expenses	(1,114,548)	(458,000)	□	□	(1,572,548)	□
Depreciation	(243,309)	(207,000)	□	□	(450,309)	□
<b>Operating income</b>	<b>1,145,677</b>	<b>997,000</b>	□	□	<b>2,142,677</b>	□
Legal and formation, travel	□	□	□	□	□	□

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and other start up costs			(765,047)		(765,047)	
Interest expense	(532,717)	(1,144,000)	(103,916)	41,200(m)	(1,706,907)	
Interest income	65,874	16,000	3,171,818	32,526(n) (591,043)(o)	2,662,649	(591,043)(o)
Other Income	99,945	532,000			631,945	
Income before income taxes	778,779	401,000	2,302,855		2,965,317	
Provision for income taxes, net	(368,485)	135,000	(784,858)	176,312(b)	(842,031)	176,312(b)
Minority Interest				(275,089)(p)	(275,089)	
<b>Net Income</b>	<b>\$ 410,294</b>	<b>\$ 536,000</b>	<b>\$ 1,517,997</b>		<b>\$ 1,848,197</b>	
Net income per share: basic			\$ 0.11		\$ 0.13	
Net income per share: diluted			\$ 0.11		\$ 0.11	
Weighted average number of shares-basic			13,974,500	(c)	13,974,500	(c)
Weighted average number of shares-diluted			13,974,500	(c)	16,946,525	(c)

See Notes to unaudited Pro Forma Condensed Statement of Operations

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**NOTES TO UNAUDITED PRO FORMA CONDENSED  
STATEMENTS OF OPERATIONS  
For The Year Ended March 31, 2007**

The unaudited pro forma condensed statement of operations for the year ended March 31, 2007 combines the audited statements of operations of Sricon for the fiscal year ended March 31, 2007, the audited statement of operations of TBL for the fiscal year ended March 31, 2007 and the audited statement of operations of IGC for the fiscal year ended March 31, 2007, assuming that the Acquisition occurred at the beginning of the periods presented. The historical statements of operations of Sricon, TBL and IGC the fiscal year ended March 31, 2007 have been derived from the companies' audited statements of operations for such period.

Descriptions of the adjustments included in the unaudited pro forma condensed statements of operations are as follows:

- (m) The amount reflects a decrease in the amount of IGC's interest expense arising from the early retirement of the Founding Stockholder's notes.
- (n) Reflects the reduction of deferred trust interest because of the redemption of common stock.
- (o)
- (i) Assuming No Exercise of Redemption Rights  
  
Reflects a reduction of IGC's interest income due to the payment of cash to the Promoters and shareholders of Sricon and TBL in connection with the Acquisition, retirement of Founding Stockholder notes, early repayment of notes payable to Oliveira Capital LLC, acquisition costs and the deferred compensation paid to the

underwriters arising from the IPO, payment of common stock subject to possible conversion and deferred trust interest. The estimate of reduction in interest income is based on the combined entity having approximately \$12,318,014 less in cash and cash equivalents, at an average rate of return consistent with that earned by IGC, of approximately 4.80% for the fiscal year ended March 31, 2007.

(ii) Assuming Maximum Exercise of Redemption Rights

Reflects a reduction of IGC's interest income due to the payment of cash to the Promoters and shareholders of Sricon and TBL in connection with the Acquisition, retirement of Founding Stockholder notes, early repayment of notes payable to Oliveira Capital LLC, acquisition costs and the deferred compensation paid to the underwriters arising from the IPO. The estimate of reduction in interest income is based on the combined entity having approximately \$25,113,325 less in cash and cash equivalents, at an average rate of return consistent with that earned by IGC, of approximately 4.80% for the fiscal year ended March 31, 2007.

(p) Represents the minority interest of the Promoters of Sricon and TBL.  
**DIRECTORS AND MANAGEMENT FOLLOWING THE ACQUISITION**

The board of directors, executive officers, advisors and key employees of IGC, Sricon and TBL are as follows:

**DIRECTORS, EXECUTIVE OFFICERS AND SPECIAL ADVISORS OF IGC**

Following the Acquisition our directors, executive officers and special advisors will be as follows:

Name	Age	Position
Dr. Ranga Krishna	43	Chairman of the Board
Ram Mukunda	49	Chief Executive Officer, President and Director
John Selvaraj	63	Treasurer
Sudhakar Shenoy	60	Director
Richard Prins	50	Director
Suhail Nathani	42	Director
Larry Pressler	65	Special Advisor
Howard Gutman	50	Special Advisor

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Name	Age	Position
P.G. Kakodkar	71	Special Advisor
Shakti Sinha	50	Special Advisor
Dr. Prabuddha Ganguli	58	Special Advisor
Dr. Anil K. Gupta	58	Special Advisor

Following the Acquisition, Sricon's directors and executive officers will be as follows:

Name	Age	Position
Ravindralal Srivastava	54	Chairman and Managing Director
Abhay Wakhare	37	GM Finance and Accounting



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Richard Prins	50	Director
Ram Mukunda	49	Director

Following the Acquisition, TBL's directors and executive officers will be as follows:

Name	Age	Position
V. C. Antony	76	Chairman of the Board
Jortin Antony	40	Managing Director
M. Santhosh Kumar	41	Manager Finance and Accounting
Richard Prins	50	Director
Ram Mukunda	49	Director

**Ranga Krishna**, has served as our Chairman of the Board since December 15, 2005. Dr. Krishna previously served as a Director from May 25, 2005 to December 15, 2005 and as our Special Advisor from April 29, 2005 through June 29, 2005. In 1998 he founded Rising Sun Holding, LLC, a \$120 million construction and land banking company. In September 1999, he co-founded Fastscribe, Inc., an Internet-based medical and legal transcription company with its operations in India and over 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 over 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 and places them in U.S. hospitals. Dr. Krishna is currently serving as the Chairman and CEO of that company. 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).

**Ram Mukunda** has served as our Chief Executive Officer, President and a Director since our inception on April 29, 2005 and was Chairman of the Board from April 29, 2005 through December 15, 2005. Since September 2004 Mr. Mukunda has served as Chief Executive Officer of Integrated Global Networks, LLC, a communications contractor in the U.S. Government space. 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 organization and structuring of the acquisition of a number of companies by Startec, for strategic investments in companies with India-based operations or which provided services to India-based companies and for integrating the acquired companies with Startec. 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. Mr. Mukunda further was responsible for the restructuring of Startec after the company filed for protection under Chapter 11 in December 2001. Startec emerged from Chapter 11 in 2004. Ferris, Baker Watts, Incorporated, the representative of the underwriters for the IPO, acted as the managing underwriter in connection with the initial public offering of Startec in 1997, and one of its executives is also a member of our board of directors.

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's 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. He holds B.S. degrees in electrical engineering and mathematics and a MS in Engineering from the University of Maryland.

**John B. Selvaraj** has served as our Treasurer 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 Chartered Accountant (CA, 1971).

**Sudhakar Shenoy**, has served as our Director since 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 to the government, business, health and life science sectors. 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. From 2002 to June 2005 he served as the chairman of the Northern Virginia Technology Council. In 1970, Mr. Shenoy received a B. Tech (Hons.) in electrical engineering from the Indian Institute of Technology. In 1971 and 1973, he received an M.S. in electrical engineering and an M.B.A. from the University of Connecticut Schools of Engineering and Business Administration, respectively.

**Richard Prins**, has served as our Director since May 2007. Since March 1996, he has been the Director of Investment Banking at Ferris, Baker Watts, Incorporated (FBW was the lead underwriter for our IPO). Prior to Ferris, Baker Watts, 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. Since February 2003, he has been on the board of Amphastar Pharma and since April 2006 he has been on the board of Advancing Native Missions, a non-profit. Mr. Prins holds a B.A. degree from Colgate University (1980), and an M.B.A. from Oral Roberts University (1983).

**Suhail Nathani**, has served as our Director since May 25, 2005. Since September 2001, he has served as a partner at the Economics Laws Practice in India, which he co-founded. The 25-person firm focuses on consulting, general corporate law, tax regulations, foreign investments and issues relating to the World Trade Organization (WTO). From December 1998 to September 2001, Mr. Nathani was the Proprietor of the Strategic Law Group, also in India, where he practiced telecommunications law, general litigation and licensing. Mr. Nathani earned a LL.M. in 1991 from Duke University School of Law. In 1990 Mr. Nathani graduated from Cambridge University with a MA (Hons) in Law. In 1987 he graduated from Sydenham College of Commerce and Economics, Bombay, India.

## **Sricon Management**

**Rabindralal B. Srivastava** is Founder and Chairman of Sricon. In 1974, he started his career at Larsen and Toubro (L&T), one of India's premier engineering and construction companies. He subsequently, in 1994 as Vijay Engineering, became a civil engineering sub-contractor to L&T. He worked as a sub-contractor for L&T in Haldia, West Bengal and Tuticorin in South India among others. Under his leadership, Vijay Engineering expanded to include civil engineering and construction of power plants, water treatment plants, steel mills, sugar plants and mining. In 1996, Mr. Srivastava founded Srivastava Construction Limited, which in 2004 changed its name to Sricon Infrastructure to address the larger infrastructure needs in India like highway construction. He merged Vijay Engineering and Sricon in 2004. Mr. Srivastava graduated with a BSc. from Banaras University in 1974. Mr. Srivastava founded Hi-tech Pro-Oil Complex in 1996. The company is involved in the extraction of soy bean oil. He founded Aurobindo Laminations Limited in 2003. The company manufactures laminated particleboards.

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**Abhay Wakhare** has been the General Manager of Finance and Accounting of Sricon since 2004, where he is responsible for finance, accounting, human resources, and is the corporate secretary of the company. Mr. Wakhare has broad experience having worked in several industries. From 2002-2004, he was the General Manager Finance, for the ammunitions manufacturing division of the Eros Group of companies. From 1999-2002, he was an entrepreneur having founded a perfume company. From 1996-1999, he was the chief executive officer of Disani Agro Limited, a \$50m pesticide and herbicide manufacturer. From 1994-1996, he was the Assistant General Manager Finance, at Hindustan Lever. Mr. Wakhare's education and qualifications are as follows: BCom (Bachelor of Commerce), 1990, M.Com, 1992, Nagpur University. IICA, 1993 (Indian Institute of Cost Accountants). CFA, 1993 (Chartered Financial Analyst). LLB 1993, (Bachelor of Law), Pune University. MBA,

1994, Symbiosis Institute of Management, Pune (ranked as the 4th best business school in India in 2007, according to a survey conducted by Indian Institute of Management, Ahemdabad ) LLM, 1996, (Masters in Law), Osmaniya University. M.Sc. Finance, 1997, Business School of Hyderabad.

### **TBL Management**

**V.C Antony** is Chairman of TBL. Mr. Antony brings over 50 years of experience in the construction of highways, bridges, dams, railroads and offshore platforms. In 1976, he became Founder, Chairman and Managing Director of Bhagheeratha Engineering. In 1990, he took it public on the Bombay Stock Exchange. Under his leadership Bhagheeratha grew to be one of the 10 largest construction companies in India. He expanded Bhagheeratha into the Middle East specifically Iraq, UAE, Qatar and Yemen. Mr. Antony retired as the Managing Director in 1997. Mr. Antony became the South Zone Chairman of the Confederation of Indian Industry (CII) in 1991. He is currently on the board of the Lakeshore Hospital and Research Centre.

**Jortin Antony** is the son of V.C. Antony. He has been the Managing Director of TBL since 2000. Prior to that, he held various positions at Bhagheeratha starting as a management trainee in 1991. From 1997 to 2000, he was the Director of Projects at Bhagheeratha. In 2003, Mr. Jortin Antony was awarded the Young Entrepreneur Award from the Rashtra Deepika. He graduated with a B.Eng, in 1991, from Bangalore Institute of Technology, University of Bangalore.

**M Santhosh Kumar**, has been with TBL since 1991. Since 2002 he has been the Deputy Manager (Finance and Accounting). From 2000 to 2002, he was the Marketing Executive for Techni Soft (India) Limited, a subsidiary of Techni Bharathi Limited. From 1991 to 2000, he held various positions at TBL in the Finance and Accounting department. From 1986 to 1991, he worked as an accountant in the Chartered Account firm of Balan and Company. In 1986 Mr. Santhosh Kumar graduated with a BA in Commerce from, Gandhi University, Kerala, India.

### **Special Advisors**

**Senator Larry Pressler** has served as our Special Advisor since February 3, 2006. Since leaving the U.S. Senate in 1997, Mr. Pressler has been a combination of businessman, lawyer, corporate board director and lecturer at universities. From March 2002 to present he has been a partner in the New York firm Brock Law Partners. Prior to that, March 1997 to March 2002, he was a law partner with O'Connor & Hannan.

From 1979 to 1997, Mr. Pressler served as a member of the United States Senate. He served as the Chairman of the Senate Commerce Committee on Science and Transportation, and the Chairman of the Subcommittee on Telecommunications (1994 to 1997). From 1995 to 1997, he served as a Member of the Committee on Finance and from 1981 to 1995 on the Committee on Foreign Relations. From 1975 to 1979, Mr. Pressler served as a member of the United States House of Representatives. Among other bills, Senator Pressler authored the Telecommunications Act of 1996. As a member of the Senate Foreign Relations Committee, he authored the Pressler Amendment, which became the parity for nuclear weapons in Asia from 1980 to 1996.

In 2000, Senator Pressler accompanied President Clinton on a visit to India. He is a frequent traveler to India where he lectures at universities and business forums. He is a member of several boards of Indian and US companies including the board of directors for Infosys Technologies, Inc. (INFY). He serves on the board of directors for The Philadelphia Stock Exchange and Flight Safety Technologies, Inc. (FLST). From 2002 to 2005 he served on the board of advisors at Chrys Capital, a fund focused on investments in India. He was on the board of directors of Spectramind from its inception in 1999 until its sale to WIPRO, Ltd (WIT) in 2003.

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In 1971, Mr. Pressler earned a Juris Doctor from Harvard Law School and a Masters in Public Administration from the Kennedy School of Government at Harvard. From 1964 to 1965 he was a Rhodes Scholar at Oxford University, England where he earned a diploma in public administration. Mr. Pressler is a Vietnam war veteran having served in the U.S. Army in Vietnam in 1967-68. He is an active member of the Veterans of Foreign Wars Association.

**Howard Gutman** has served as our Special Advisor since April 5, 2007. Although he is not serving as an attorney for the Company, Mr. Gutman has been a lawyer in Washington D.C. for twenty-five years. Mr. Gutman rejoined Williams & Connolly in October 1986 and became a partner in 1988. He remains a partner at the firm today (although the firm has no role with the Company), where he is a business litigator.

From May 1985 to October 1986, he was Special Assistant to the Director William H. Webster of the Federal Bureau of Investigation. From October 1982 to May 1985, Mr. Gutman was an associate at the law firm of Williams & Connolly. Mr. Gutman has been active in Democratic politics for 20 years having served as an advisor to candidates for President, Governor, and Congress. He assisted the Gore campaign in Florida in 2000. Mr. Gutman, since 1983, has been an Associate Editor of Litigation Magazine and an active participant in the ABA's Litigation Section. He has also appeared on several episodes of the HBO series "K Street." Mr. Gutman was graduated from Columbia University with a B.A. Summa Cum Laude in 1977 and from the Harvard Law School, Magna Cum Laude in 1980. From September 1980-September 1981, he served as a Law Clerk to The Honorable Irving L. Goldberg of the United States Court of Appeals for the Fifth Circuit. From September 1981-September 1982, Mr. Gutman served as Law Clerk to The Honorable Potter Stewart,(ret'd), United States Supreme Court.

**P. G. Kakodkar** has served as our Special Advisor since February 3, 2006. Mr. Kakodkar serves on the boards of several Indian companies, many of which are public in India. Since January of 2005 he has been a member of the board of directors of State Bank of India (SBI) Fund Management, Private Ltd., which runs one of the largest mutual funds in India. Mr. Kakodkar's career spans 40 years at the State Bank of India. He served as its Chairman from October 1995 to March 1997. Prior to his Chairmanship, he was the Managing Director of State Bank of India (SBI) Fund Management Private Ltd., which operates the SBI Mutual Fund.

Some of Mr. Kakodkar's board memberships are: Since July 2005, he has served on the board of directors of the Multi Commodity Exchange of India. Since April 2000, he has been on the board of Mastek, Ltd, an Indian software house specializing in client server applications. In June 2001, he joined the board of Centrum Capital Ltd, a financial services company. Since March 2000, he has been on the board of Sesa Goa Ltd., the second largest mining company in India. In April 2000, he joined the board at Uttam Galva Steel and in April 1999 he joined the board of Goa Carbon Ltd a manufacturer-exporter of petcoke. Mr. Kakodkar received a BA from Karnataka University and an MA from Bombay University, in economics, in 1954 and 1956, respectively. Mr. Kakodkar currently is an advisor to Societe Generale, India, which is an affiliate of SG Americas Securities, LLC, one of the underwriters of the IPO.

**Shakti Sinha**, has served as our Special Advisor since May 25, 2005. Since July 2004, Mr. Sinha has been working as a Visiting Senior Fellow, on economic development, with the Government of Bihar, India. From January 2000 to June 2004, he was a Senior Advisor to the Executive Director on the Board of the World Bank. From March 1998 to November 1999, he was the Private Secretary to the Prime Minister of India. He was also the Chief of the Office of the Prime Minister. Prior to that he has held high level positions in the Government of India, including from January 1998 to March 1998 as a Board Member responsible for Administration in the Electricity Utility Board of Delhi. From January 1996 to January 1998, he was the Secretary to the Leader of the Opposition in the lower house of the Indian Parliament. From December 1995 to May 1996, he was a Director in the Ministry of Commerce. In 2002, Mr. Sinha earned a M.S. in International Commerce and Policy from the George Mason University, USA. In 1978 he earned a M.A. in History from the University of Delhi and in 1976 he earned a BA (Honors) in Economics from the University of Delhi.

**Prabuddha Ganguli** has served as our Special Advisor since May 25, 2005. Since September 1996, Dr. Ganguli has been the CEO of Vision-IPR. The company offers management consulting on the protection of intellectual property rights. His clients include companies in the pharmaceutical, chemical and engineering industries. He is an adjunct professor of intellectual property rights at the Indian Institute of Technology, Bombay. Prior to 1996, from August 1991 to August 1996, he was the Head of Information Services and Patents at the Hindustan Lever Research Center. In 1986, he was elected as a fellow to the Maharashtra Academy of Sciences. In 1966, he received

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the National Science Talent Scholarship (NSTS). In 1977, he was awarded the Alexander von Humboldt Foundation Fellow (Germany). He is Honorary Scientific Consultant to the Principal Scientific Adviser to the Government of India. He is a Member of the National Expert Group on Issues linked to Access to Biological materials vis-à-vis TRIPS and CBD Agreements constituted by the Indian Ministry of Commerce and Industry. He

is also a Member of the Editorial Board of the intellectual property rights journal [World Patent Information] published by Elsevier Science Limited, UK. He is a Consultant to the World Intellectual Property Organization (WIPO), Geneva in intellectual property rights capability building training programs in various parts of the world. In 1976, Dr. Ganguli received a PhD from the Tata Institute of Fundamental Research, Bombay in chemical physics. In 1971 he received a M.Sc. in Chemistry from the Indian Institute of Technology (Kanpur) and in 1969 he earned a BS from the Institute of Science (Bombay University).

**Anil K. Gupta** has served as our Special Advisor since May 25, 2005. Dr. Gupta has been Professor of Strategy and Organization at the University of Maryland since 1986. He has been Chair of the Management & Organization Department, Ralph J. Tyser Professor of Strategy and Organization, and Research Director of the Dingman Center for Entrepreneurship at the Robert H. Smith School of Business, The University of Maryland at College Park, since July 2003. Dr. Gupta earned a Bachelor of Technology from the Indian Institute of Technology in 1970, an MBA from the Indian Institute of Management in 1972, and a Doctor of Business Administration from the Harvard Business School in 1980. Dr. Gupta has served on the board of directors of NeoMagic Corporation (NMGC) since October 2000 and has previously served as a director of Omega Worldwide (OWWP) from October 1899 through August 2003 and Vitalink Pharmacy Services (VTK) from July 1992 through July 1999.

## **BOARD OF DIRECTORS**

Our 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. The term of office of the Class A directors, consisting of Mr. Nathani and Mr. Shenoy, will expire at our first annual meeting of stockholders. They are being nominated for election at this special meeting as provided in the Nomination Proposal. The term of office of the Class B directors, consisting of Mr. Prins and Dr. Krishna, will expire at the second annual meeting of stockholders. The term of office of the Class C director, consisting of Mr. Mukunda, will expire at the third annual meeting of stockholders. These individuals have played a key role in identifying and evaluating prospective acquisition candidates, selecting the target businesses, and structuring, negotiating and consummating the acquisition. The American Stock Exchange, where we are listed, has rules mandating that the majority of the board be independent. Our board of directors will consult with counsel to ensure that the boards of directors' determinations are consistent with those rules and all relevant securities laws and regulations regarding the independence of directors. The Amex listing standards define an [independent director] generally as a person, other than an officer of a company, who does not have a relationship with the company that would interfere with the director's exercise of independent judgment. Consistent with these standards, the board of directors has determined that Messrs. Krishna, Shenoy and Nathani are independent directors.

## **COMMITTEE OF THE BOARD OF DIRECTORS**

Our Board of Directors has established an Audit Committee currently composed of two independent directors who report to the Board of Directors. Messrs. Krishna and Shenoy, each of whom is an independent director under the American Stock Exchange's listing standards, serve as members of our Audit Committee. In addition, we have determined that Mr. Shenoy is an [audit committee financial expert] as that term is defined under Item 407 of Regulation S-B of the Securities Exchange Act of 1934, as amended. The Audit Committee is responsible for meeting with our independent accountants regarding, among other issues, audits and adequacy of our accounting and control systems. We intend to locate and appoint at least one additional independent director to our Audit Committee to increase the size of the Audit Committee to three members.

The Audit Committee will monitor our compliance on a quarterly basis with the terms of our initial public offering. If any noncompliance is identified, then the Audit Committee is charged with the responsibility to take immediately all action necessary to rectify such noncompliance or otherwise cause compliance with our initial public offering. The Board currently does not have a compensation committee or nominating and corporate governance committee.

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## **AUDIT COMMITTEE FINANCIAL EXPERT**

The Audit Committee will at all times be composed exclusively of [independent directors] who are [financially literate] as defined under the American Stock Exchange listing standards. The American Stock Exchange listing standards define [financially literate] as being able to read and understand fundamental financial statements,

including a company's balance sheet, income statement and cash flow statement.

In addition, we must certify to the American Stock Exchange that the Audit Committee has, and will continue to have, at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that results in the individual's financial sophistication. The Board of Directors has determined that Mr. Shenoy satisfies the American Stock Exchange's definition of financial sophistication and qualifies as an "audit committee financial expert," as defined under rules and regulations of the Securities and Exchange Commission.

#### **COMPENSATION COMMITTEE**

Upon the completion of the Acquisition, we intend to establish a compensation committee composed entirely of independent directors. The compensation committee's purpose will be to review and approve compensation paid to our officers and directors and to administer the Stock Plan, if approved by our stockholders.

#### **NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

Upon the completion of the Acquisition, we intend to establish a nominating and corporate governance committee. The primary purpose of the nominating and corporate governance committee will be to identify individuals qualified to become directors, recommend to the board of directors the candidates for election by stockholders or appointment by the board of directors to fill a vacancy, recommend to the board of directors the composition and chairs of board of directors committees, develop and recommend to the board of directors guidelines for effective corporate governance, and lead an annual review of the performance of the board of directors and each of its committees.

We do not have any formal process for stockholders to nominate a director for election to our board of directors. Currently, the entire board of directors decides on nominees, on the recommendation of one or more members of the board of directors. Any stockholder wishing to recommend an individual to be considered by our board of directors as a nominee for election as a director should send a signed letter of recommendation to the following address: India Globalization Capital, Inc. c/o Corporate Secretary, 4336 Montgomery Avenue, Bethesda, MD 20817. Recommendation letters must state the reasons for the recommendation and contain the full name and address of each proposed nominee as well as a brief biographical history setting forth past and present directorships, employments, occupations and civic activities. Any such recommendation should be accompanied by a written statement from the proposed nominee consenting to be named as a candidate and, if nominated and elected, consenting to serve as a director. We may also require a candidate to furnish additional information regarding his or her eligibility and qualifications. The board of directors does not intend to evaluate candidates proposed by stockholders differently than it evaluates candidates that are suggested by our board members, execution officers or other sources.

#### **CODE OF CONDUCT AND ETHICS**

We have adopted a code of conduct and ethics applicable to our directors, officers and employees in accordance with applicable federal securities laws and the rules of the American Stock Exchange. We have filed the code of conduct and ethics as Exhibit 99.1 to our Registration Statement on Form S-1/A, filed with the Securities and Exchange Commission on March 2, 2006.

#### **BOARD MEETINGS**

During the fiscal year ended March 31, 2007, our board of directors held three meetings. Although we do not have any formal policy regarding director attendance at our annual meetings, we will attempt to schedule our annual meetings so that all of our directors can attend. During the fiscal year ended March 31, 2007, all of our directors attended 100% of the meetings of the board of directors.

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#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and persons who beneficially own more than 10% of our common stock to file reports of their ownership of shares with the Securities and Exchange Commission ). Such executive officers, directors and stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file. Based solely upon review of the copies of such reports received by us, our senior management believes that all reports required to be filed under Section 16(a) for the fiscal year ended March 31, 2007 were filed in a timely manner.

## DIRECTOR COMPENSATION

Our directors do not currently receive any cash compensation for their service as members of the board of directors. As described under the heading "Certain Relationships and Related Transactions," below, we pay certain fees to Integrated Global Networks, LLC, an affiliate of Mr. Mukunda.

Upon completion of the Acquisition, the current and newly elected non-employee directors will receive varying levels of compensation for their services as directors based on their eligibility to be members of our audit and compensation committees. We anticipate determining director compensation in accordance with industry practice and standards

## EXECUTIVE COMPENSATION

Other than payments made to Integrated Global Networks, LLC, an affiliate of Mr. Mukunda, our Chief Executive Officer and President, and SJS Associates, an affiliate of Mr. Selvaraj, our Treasurer, no executive officer or any affiliate of an executive officer received any cash compensation for services rendered during the fiscal year ended March 31, 2007. See "Conflicts of Interest."

As of our fiscal year ended March 31, 2007, other than the \$4,000 per month fee paid to Integrated Global Networks, LLC and the \$5,000 per month fee paid to SJS Associates, no compensation of any kind, including finder's and consulting fees, was paid to any of our existing stockholders or affiliates, including our officers, directors and special advisors, or any of their respective affiliates, for services rendered prior to or in connection with a business combination. However, these individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on our behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. There is no limit on the amount of these out-of-pocket expenses and there will be no review of the reasonableness of the expenses by anyone other than our board of directors, which includes persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged. If none of our directors are deemed "independent," we will not have the benefit of independent directors examining the propriety of expenses incurred on our behalf and subject to reimbursement.

Prior to the formation of a compensation committee, a majority of independent directors shall determine, or recommend to the full Board for determination, the compensation to be paid to our executive officers.

Upon the completion of the Acquisition, we expect to enter into an employment agreement with Ram Mukunda, terms of which have not been decided.

## COMPENSATION FOR EXECUTIVE OFFICERS OF SRICON

The annual executive compensation for the Chairman and Managing Director of Sricon is set out below. The USD amounts are shown at a conversion rate of INR 40 to USD 1.

### Summary Compensation of Executive of Sricon

	FY 2005	FY 2006	FY 2007
Mr. R Srivastava	INR 600,000	INR 600,000	INR 600,000
	USD 15,000	USD 15,000	USD 15,000

**COMPENSATION FOR EXECUTIVE OFFICERS OF TBL**

The annual executive compensation for the Managing Director of TBL is set out below. The USD amounts are shown at a conversion rate of INR 40 to USD 1.

**Summary Compensation of Executive of TBL**

	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Mr. Jortin Antony	INR 480,000	INR 480,000	INR 480,000
	USD 12,000	USD 12,000	USD 12,000

**EMPLOYMENT AGREEMENTS****Ram Mukunda**

- Upon the completion of the Acquisition, we expect to enter into an employment agreement with Ram Mukunda, the terms of which have not been completely decided, pursuant to which Mr. Mukunda will serve as our Executive Chairman, Chief Executive Officer and President. We expect that the agreement will provide for compensation commensurate with industry practice and standards, standard confidentiality and noncompetition provisions and a requirement that Mr. Mukunda devote his best efforts and as much time as is required to execute his responsibilities and duties under the agreement to us. We anticipate that the Agreement will be terminable by us at any time either with or without cause.

As more fully described in [The Acquisition Agreements] Acquisition of Shares of Sricon Infrastructure Private Limited [Sricon Stockholders Agreement] Earn Out, in partial consideration for the equity shares in Sricon being purchased by IGC, pursuant to the terms of the Sricon Stockholders Agreement, the current stockholders of Sricon, including Ravindra Lal Srivastava, who will serve as the Chairman and Managing Director of Sricon following the Acquisition, shall have the right to receive up to an aggregate of 418,431 equity shares of Sricon over a three-year period if Sricon achieves certain profit after tax targets for its 2008-2010 fiscal years.

As more fully described in [The Acquisition Agreements] Acquisition of Shares of Techni Bharathi Limited [TBL Stockholders Agreement] Earn Out, in partial consideration for the equity shares in TBL being purchased by IGC, pursuant to the terms of the TBL Stockholders Agreement, Jortin Anthony, who will serve as the Managing Director of TBL following the Acquisition, shall have the right to receive up to an aggregate of 1,204,000 equity shares of TBL over a five-year period if TBL achieves certain profit after tax targets for its 2008-2012 fiscal years.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Through January 25, 2008, the firm of Goldstein Golub Kessler LLP ([GGK]) acted as our principal accountant. On January 25, 2008 we were notified by GGK that their partners had become partners of McGladrey and Pullen, LLP ([McGladrey]), and we engaged McGladrey as our new principal accountant. Through September 30, 2005, GGK had a continuing relationship with American Express Tax and Business Services Inc. (TBS), from which it leased auditing staff who were full time, permanent employees of TBS and through which its partners provide non-audit services. Subsequent to September 30, 2005, this relationship ceased and the firm established a similar relationship with RSM McGladrey, Inc. (RSM). GGK has no full time employees and therefore, none of the audit services performed were provided by permanent full-time employees of GGK. GGK manages and supervises the audit and audit staff, and is exclusively responsible for the opinion rendered in connection with its examination. Neither representatives of GGK nor representatives of McGladrey will be present at the special meeting. The following is a summary of fees paid to GGK, RSM or McGladrey for services rendered.

	<b>March 31, 2007</b>	<b>March 31, 2006</b>
Audit Fees	\$ 84,725	\$ 80,800
Audit-Related Fees		



Tax Fees (1)	3,837	
All Other Fees (2)		
<b>Total</b>	<b>\$ 88,562</b>	<b>\$ 80,800</b>

- (1) Tax Fees relate to tax compliance, tax planning and advice. These services include tax return preparation and advice on state and local tax issues.
- (2) There were no services rendered other than those identified in the above categories.

The balance sheets of Sricon as of March 31, 2007 and 2006, and the related statements of income, changes in stockholders' equity and cash flows for the periods ended March 31, 2007, 2006 and 2005, included in this proxy statement, have been audited by Yoganandh & Ram, Chartered Accountants, independent registered public accounting firm, in India, registered with the Public Company Accounting Oversight Board (PCAOB) as set forth in their report appearing elsewhere herein.

The balance sheets of TBL as of March 31, 2007 and 2006, and the related statements of income, changes in stockholders' equity and cash flows for the periods ended March 31, 2007, 2006 and 2005, included in this proxy statement, have been audited by Yoganandh & Ram, Chartered Accountants, independent registered public accounting firm, in India, registered with the Public Company Accounting Oversight Board (PCAOB), as set forth in their report appearing elsewhere herein.

## STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Stockholders may send communications to our board of directors by mail or courier delivery addressed as follows: India Globalization Capital, Inc., c/o President, 4336 Montgomery Avenue, Bethesda, Maryland, 20814. In general, the President will forward all such communications to the board of directors. However, for communications addressed to a particular member of the board of directors, the President forwards those communications directly to the board member so addressed.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### PRIOR SHARE ISSUANCES

On May 5, 2005, we issued 1,750,000 shares for an aggregate consideration of \$17,500 in cash, at an average purchase price of approximately \$.01 per share, as follows:

Name	Number of Shares (1)	Relationship to Us
Dr. Ranga Krishna	250,000	Chairman of the Board
Ram Mukunda	1,250,000	Chief Executive Officer, President and Director
John Cherin	250,000	Chief Financial Officer and Director (2)

On June 20, 2005, we issued 750,000 shares for an aggregate consideration of \$7,500 in cash, at a purchase price of approximately \$.01 per share, as follows:

Name	Number of Shares(1)(3)(4)	Relationship to Us
Parveen Mukunda(5)	425,000	Secretary
Sudhakar Shenoy	37,500	Director

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Suhail Nathani	37,500	Director
Shakti Sinha	12,500	Special Advisor
Dr. Prabuddha Ganguli	12,500	Special Advisor
Dr. Anil K. Gupta	25,000	Special Advisor

- (1) The share numbers and per share purchase prices in this section reflect the effects of a 1-for-2 reverse split effected September 29, 2005.
- (2) John Cherin resigned as our CFO, Treasurer, and Director on November 27, 2006.
- (3) The shares were issued to our officers, directors and Special Advisors in consideration of services rendered or to be rendered to us.

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- (4) On September 7, 2005, one stockholder surrendered to us 62,500 shares, and on February 3, 2006, a stockholder surrendered to us 137,500 shares. These were reissued as set forth below.
- (5) Parveen Mukunda is the wife of Ram Mukunda.

On February 3, 2006, we reissued the 200,000 shares for an aggregate consideration of \$2,000 in cash at a price of approximately \$.01 per share as follows:

Name	Number of Shares	Relationship to Us
Dr. Ranga Krishna	100,000	Chairman of the Board
John Cherin	37,500	Chief Financial Officer, Treasurer and Director
Larry Pressler	25,000	Special Advisor
P.G. Kakodkar	12,500	Special Advisor
Sudhakar Shenoy	12,500	Director
Suhail Nathani	12,500	Director

The holders of the majority of these shares will be entitled to make up to two demands that we register these shares pursuant to an agreement to be signed prior to or on the date of this prospectus. The holders of the majority of these shares can elect to exercise these registration rights at any time after the date on which the lock-up period expires. In addition, these stockholders have certain "piggy-back" registration rights on registration statements filed subsequent to such date. We will bear the expenses incurred in connection with the filing of any such registration statements.

Mr. Mukunda and certain of our other officers and directors collectively purchased in the aggregate 170,000 units in a private placement immediately prior to the IPO of IGC's units at a price equal to the offering price of the IPO, \$6.00 per unit.

Dr. Krishna, our Chairman of the Board, has entered into a Note Purchase Agreement with us pursuant to which we have agreed to issue him 446,226 shares of our common stock within 10 days of the consummation of the Acquisition as partial consideration for a \$4,300,000 loan made by Dr. Krishna to the Company. These shares shall be entitled to the registration rights described above.

The stockholders referenced above have agreed to waive their respective rights to participate in any liquidation distribution occurring upon our failure to consummate a business combination, but only with respect to those shares of common stock acquired by them prior to the IPO, and the 170,000 shares included in the units they have purchased in the private placement, therefore, they will participate in any liquidation distribution with

respect to any shares of common stock acquired in connection with or following the IPO. In addition, in connection with the vote required for our initial business combination, all of our pre IPO stockholders, including all of our officers, directors and special advisors, have agreed to vote all of the shares of common stock owned by them, including those acquired in the private placement or during or after our IPO, in accordance with the majority of the shares of common stock voted by the public stockholders.

#### **CONFLICTS OF INTEREST**

Investors should be aware of the following potential conflicts of interest:

IGN, LLC, an affiliate of Mr. Mukunda, had agreed that, commencing on the effective date of the IPO through the acquisition of a target business, it will make available to us office space and certain general and administrative services, as we may require from time to time. We have agreed to pay IGN, LLC \$4,000 per month for these services. Mr. Mukunda is the Chief Executive Officer of IGN, LLC. As a result of this affiliation, Mr. Mukunda will benefit from the transaction to the extent of his interest in IGN, LLC. However, this arrangement is solely for our benefit and is not intended to provide Mr. Mukunda with compensation in lieu of a salary. We believe, based on rents and fees for similar services in the Washington, DC metropolitan area, that the fee charged by IGN, LLC is at least as favorable as we could have obtained from an unaffiliated third party. However, as our directors at the time we entered into this agreement may not be deemed "independent," we did not have the benefit of disinterested directors approving this transaction. At the consummation of the Acquisition, IGC will no longer pay IGN.

On or around November 27, 2006, we engaged SJS Associates an affiliate of Mr. Selvaraj, which provides the services of Mr. John Selvaraj as our Treasurer. We have agreed to pay SJS Associates \$