India Globalization Capital, Inc.
Form 10KSB
July 16, 2008

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

FORM 10-KSB

þ Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the fiscal year ended March 31, 2008

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

Commission file number 000-1326205

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

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

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

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

| Title of Each Class | Name of exchange on which registered |
|---|---|
| Units, each consisting of one share of Common Stock and two Warrants | American Stock Exchange |
| Common Stock | American Stock Exchange |
| Common Stock Purchase Warrants | American Stock Exchange |

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

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

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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. þ

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

Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer þ

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

State issuer's revenues for its most recent fiscal year. $2,188,018

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Company, computed by reference to the closing price of such stock as of June 2, 2008 was $ 32,839,278.87. For purposes of the computation we consider all directors and holders of 10 percent or more of our common stock to be affiliates. Therefore, the number of shares of our common stock held by non-affiliates as of June 2, 2008 was 6,070,107 shares. The number of shares of Common Stock outstanding on June 2, 2008 was 8,570,107 shares.

Documents incorporated by reference: Definitive Proxy statement filed on February 8, 2008; Form 8-K filed on May 23, 2008.

Transitional Small Business Disclosure Format (Check one): Yes o No þ

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# PART I

## Item 1. Business

### Background of India Globalization Capital, Inc. (IGC)

IGC, a Maryland corporation, was organized on April 29, 2005 as a blank check company formed for the purpose of acquiring one or more businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, we completed an initial public offering. On February 19, 2007, we incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius. On March 7, 2008, we consummated the acquisition of 63% of the equity of Sricon Infrastructure Private Limited (Sricon) and 77% of the equity of Techni Bharathi Limited (TBL). The shares of the two Indian companies, Sricon and TBL, are held by IGC-M.

Most of the shares of Sricon and TBL acquired by IGC were purchased directly from the companies. IGC purchased a portion of the shares from the existing owners of the companies. The founders and management of Sricon own 37% of Sricon and the founders and management of TBL own 23% of TBL.

The acquisitions were accounted for under the purchase method of accounting. Under this method of accounting, for accounting and financial purposes, IGC-M, Limited was treated as the acquiring entity and Sricon and TBL as the acquired entities. The financial statements provided here and going forward are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and their subsidiaries. However, historical description of our business for periods and dates prior to March 7, 2008 include information on Sricon and TBL.

Unless the context requires otherwise, all references in this report to the “Company”, “IGC”, “we”, “our”, and “us” refer to In Globalization Capital, Inc, together with its wholly owned subsidiary IGC-M, and its direct and indirect subsidiaries (Sricon and TBL).

### Our Securities

We have three securities listed on the American Stock Exchange: (1) common stock, $.0001 par value (ticker symbol: IGC), (2) redeemable warrants to purchase common stock (ticker symbol: IGC.WS) and (3) units consisting of one share of common stock and two redeemable warrants to purchase common stock (ticker symbol: IGC.U). On March 8, 2006, we sold 11,304,500 units in our initial public offering. These 11,304,500 units include 9,830,000 units sold to the public and the over-allotment option of 1,474,500 units exercised by the underwriters of the public offering. The units may be separated into common stock and warrants. Each warrant entitles the holder to purchase one share of common stock at an exercise price of $5.00. The warrants expire on March 3, 2011, or earlier upon redemption. The registration statement for initial public offering was declared effective on March 2, 2006. The warrants are exercisable and may be exercised by contacting the Company or the transfer agent Continental Stock Transfer & Trust Company. We have a right to call the warrants, provided the common stock has traded at a closing price of at least $8.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. If we call the warrants, the holder will either have to redeem the warrants by purchasing the common stock from us for $5.00 or the warrants will expire.

On March 7, 2008, we bought and redeemed a total of 6,159,346 shares. As a result, on June 2, 2008, we had 8,570,107 shares outstanding (including shares sold to our founders in a private placement prior to the public offering) and 24,874,000 shares of common stock were reserved for issuance upon exercise of redeemable warrants and underwriters’ purchase option.

Overview

Sricon Infrastructure Private Limited ("Sricon") was incorporated as a private limited company on March 3, 1997 in Nagpur, India. Sricon is an engineering and construction company that is engaged in three business areas: 12) civil construction of highways and other heavy construction, 2) mining and quarrying and 3) the construction and maintenance of high temperature cement and steel plants. Sricon has a pan-India focus and is accredited with ISO 9001:2000 certification and its present and past clients include various Indian government organizations. Sricon employs approximately 250 skilled employees and over 800 unskilled labor contractors. It currently has the capacity and prior experience to bid on contracts that are priced at a maximum of about $116 million. Sricon recently won, as disclosed in a press release, a contract to build 150 miles of rural roads including one major and 33 minor bridges.

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. TBL is an engineering and construction company engaged in the execution of civil construction and structural engineering projects. TBL has a focus in the Indian states of Andhra Pradesh, Karnataka, Assam and Tamil Nadu. Its present and past clients include various Indian government organizations.

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Core Business Areas

Our core business areas include the following:

Highway and heavy construction:

The Indian government has articulated a plan to build and modernize Indian infrastructure. The government's plan, which calls for spending over $475 billion over the next five years, includes the construction of rural roads, major highways and townships among other infrastructure. We have approximately $ 226 million worth of contracts in our order book including a $103 million contract to build 150 miles of rural roads including 33 bridges in the state of Madhya Pradesh, and contracts for the building of highways in Assam, Maharashtra and Madhya Pradesh totaling around $108 million. In addition, we have smaller construction contracts amounting for $15 million, including a construction contract in a township in Nagpur.

Mining and Quarrying

As Indian infrastructure modernizes, the demand for raw materials like stone aggregate, coal, ore and similar resources is projected to increase. In 2006, according to the Freedonia Group, India was the fourth largest stone aggregate market in the world with demand of up to 1.1 billion metric tons. Sricon has five site licenses with two installed crushers and produces approximately 600,000 metric tons of aggregate annually. The aggregate reserves in Sricon's five quarries have a projected value of around $50 million. India is the third largest producer of coal and fourth largest producer of ore. Ten percent of the world's coal reserves are in India. We have a multiyear contract valued around $62 million for the removal of overburden from open pit coal mines. Overburden is the layers and rock covering the coal seam, These types of excavation projects are necessary before mining can began.

Construction and maintenance of high temperature plants

Sricon has an expertise in the civil engineering, construction and maintenance of high temperature plants. For example, we construct cement and steel plants. This requires specialized skills to build and maintain the high temperature chimneys and kilns. We have a multiyear contract valued around $60 million for civil engineering and maintenance of high temperature cement plants.

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 interstate highway contracts on a national level, while intra-state contracts are awarded by state agencies. The National Thermal Power Corporation (NTPC) awards contacts for civil work associated with power plants. The National Coal Limited (NCL) awards large mining contracts. Our customers include, or have included, NHAI, NTPC, and various state public works departments. Sricon is registered across India and is qualified to bid on contracts anywhere in India.

Contract bidding process

In order to create transparency, the Indian government has centralized the contract awarding process for building inter-state roads. The new process is as follows: At the "federal" level, as an example, NHAI publishes a Statement of Work for an interstate highway construction project. The Statement of Work has a detailed description of the work to be performed as well as the completion time frame. The bidder prepares two proposals in response to the Statement of Work. The first proposal demonstrates technical capabilities, prior work experience, specialized machinery, and manpower required, and other criteria required to complete the project. The second proposal includes a financial bid. NHAI evaluates the technical bids and short lists technically qualified companies. Next, the short list of technically qualified companies are invited to place a detailed financial bid and show adequate financial strength in terms of revenue, net worth, credit lines, and balance sheets. Typically, the lowest bid wins the contract. Also, contract bidders must demonstrate an adequate level of capital reserves such as the following: 1) An earnest money deposit between 2% to 10% of project costs, 2) performance guarantee of between 5% and 10%, 3) adequate working capital and 4) additional capital for plant and machinery. Bidding qualifications for larger NHAI projects are set by NHAI which are imposed on each contractor. As the contractor executes larger highway projects, the ceiling is increased by NHAI. For example, Sricon's ceiling on highway construction projects is around $116 million for each contract.

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Our Growth Strategy and Business Model

Our business model is simple. We bid on construction, mining and or maintenance contracts. Successful bids increase our backlog of orders, which favorably impacts our revenues and margins. The contracting process typically takes approximately six months. Over the years, we have been successful in winning one out of every seven bids on average. We currently have three bid teams. Historically, we bid on multi-year contracts up to $70 million, but more recently, we began bidding on contracts up to $110 million. Our growth strategy is six pronged: 1) increase the backlog of orders in the three areas of business to over $500 million, 2) recruit executives, business managers, and specifically three leads for the three lines of business, 3) recruit world class technical partners from the United States for each of our business lines, 4) eliminate or hedge risks associated with the volatility of commodity prices by, for example, ownership of aggregate quarries, mines, control over suppliers, or pass through contracts, 5) adapt a strategic and quantitative approach to building the business rather than one that is generic and short-sighted, and 6) install systems better enabling corporate governance, USGAAP reporting and contract monitoring.

Indian companies have historically reported in Indian GAAP. However we have increased the number of USGAAP accountants and continue to strengthen USGAAP reporting capability within our companies. Currently, we have chief financial officers located in India at of Sricon and TBL. In addition, we have a Chief Accounting Officer in the US. Also, we have augmented the in-house teams with a Delhi based consulting firm that specializes in both USGAAP and Sarbanes-Oxley (SOX) compliance. Adapting best practices for reporting, governance, and monitoring is of immediate strategic value as it leads to a quantitative approach and, therefore, part of our growth strategy and business model.

Competition

We operate in an industry that is fairly competitive. However, there is a large gap in the supply of well qualified and financed contractors and the demand for contractors. Large domestic and international firms compete for jumbo contracts over $250 million in size, while locally based contractors vie for contracts less than $20 million. The recent capital markets crisis has made it more difficult for smaller companies to maturate into mid-sized companies, as their access to capital has been restrained. Therefore, we have positioned ourselves in the $50 million to $125 million contract range , above locally based contractors and below the large firms, creating a distinct technical and financial advantage in this market niche.

Seasonality

The construction industry typically experiences recurring and natural seasonal patterns throughout India.. The North East Monsoons, historically, arrive on June 1, followed by the South West Monsoons, which usually lasts intermittently until September. Historically, the second fiscal quarter ending in September is slower than other quarters because of these natural phenomena's. Some projects, such as engineering or maintenance of high temperature plants is less susceptible to seasonal changes. This reduced paced period historically been used to bid and win contracts. The contract bidding activity is typically very high during the monsoon season in preparation for work activity when the rains abate.

Employees and Consultants

As of March 31, 2008, we employed a work force of approximately 1,200 employees and contract workers worldwide. Employees are typically skilled workers including executives, welders, drivers, and other specialized experts. Contract workers require less specialized skills.. We make diligent efforts to comply with all employment and labor regulations, including immigration laws in the many jurisdictions in which we operate. With a projected macro increase in construction activity, we anticipate a shortage of skilled labor. In order to attract and retain skilled employees, we have implemented a performance based incentive program, offered career development programs, improved working conditions, and provided United States work assignments, technology training, and other fringe benefits. While we have not done so yet, we are exploring adopting best practices for creating and providing vastly improved labor camps for our labor force. We are hoping that our efforts will make our companies "employers of choice" and best of breed. Our Chief Executive Officer is Ram Mukunda and our Chairman is Ranga Krishna. Our Managing Director for Sricon is Ravindra Lal Srivastava and our Managing Director for TBL is Jortin Antony. Our Treasurer and Principal Accounting officer is John Selvaraj. Our Chief Financial Officer for Sricon is Abhay Wakhare and our Chief Financial Officer for TBL is Santhosh Kumar. We also utilize the services of several consultants who provide USGAAP systems expertise and SOX expertise among others.

Environmental Regulations

India has very strict environmental, occupational, health and safety regulations. In most instances, the contracting agency regulates and enforces all regulatory requirements. We internally monitor and manage regulatory issues on a continuous basis, and we believe that we are in compliance in all material respects with the regulatory requirements of the jurisdictions in which we operate. Furthermore, we do not believe that compliance will have a material adverse effect on our business activities.

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Information and timely reporting

Our operations are located in India where the accepted accounting standards is Indian GAAP, which in many cases, is not congruent to USGAAP. Indian accounting standards are evolving towards adopting IFRS (International Financial Reporting Standards). Currently, we file financial statements in (1) India using IGAAP, (2) in Mauritius under IFRS (International Financial Reporting Standards), and (3) with the SEC, filing quarterly 10-Q's and annual 10-k's complying with USGAAP. We annually conduct IGAAP and PCAOB (USGAAP) audits for each company. We acknowledge that this process is at times cumbersome and places restraints on our existing staff. Therefore, we are in the process of improving our closing process and align our accounting operations more with U.S. reporting requirements. This will enable timely completion of audits and SEC filings. We will make available on our website, www.indiaglobalcap.com, our annual reports, quarterly reports, proxy statements as well as up to- date investor presentations. Our SEC filings are also available at www.sec.gov.

Item 1A. Risk Factors

THE FOLLOWING RISK FACTORS SHOULD BE CONSIDERED CAREFULLY IN EVALUATING THE COMPANY, ITS BUSINESS, CONDITION AND PROSPECTS (FINANCIAL AND OTHERWISE). THESE RISK FACTORS ARE NOT NECESSARILY EXHAUSTIVE AND ADDITIONAL RISK FACTORS, IF ANY, MAY BE MATERIAL OR HAVE SIGNIFICANCE TO AN INDIVIDUAL INVESTOR. MANY INVESTMENT OPPORTUNITIES INVOLVE RISK FACTORS OR A RISK OF LOSS AND THE EXISTENCE OF THE NORMAL AND CERTAIN EXTRAORDINARY RISKS.

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

As we scale our operations we may increase the amount of money we borrow for working capital and leasing of equipment Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies as well as an increase in Indian interest rates may adversely impact our ability to finance growth through debt and could lead to a tightening of our margins, adversely effecting our operating income.

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.

Sricon and TBL are dependent on the government of India as well as the state governments for contracts. Their operations and financial results may be affected by changes in the government's policy towards building infrastructure. 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 infrastructure building which could adversely affect our future performance. We foresee no immediate changes to government policy or market conditions that would adversely affect our ability to conduct business.

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, insurgencies or the threat of violence could slow down road building activity adversely affecting our road building business.

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.

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. 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. However, there can be no assurance that TBL will not have to pay higher interest rates in the future, which could reduce its net income.

Availability of 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 the demand from competing larger and well-established firms increases for procuring raw materials, we could face an increase in the price of raw materials that may negatively impact profitability.

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

The businesses of Sricon and TBL are dependent on 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 highly competitive, 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.

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Leveled penalties for time overruns may adversely effect our economic performance.

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 impose penalties if contracts are not executed in a timely manner. If Sricon and TBL are unable to meet the performance criteria as prescribed by respective contracts, then levied penalties may adversely affect our financial performance.

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 continuing relationships and pre-qualified status with key clients and strategic partners.

Our business model relies heavily on our management team and any unexpected loss of key officers may adversely affectour operations

The continued success of our business is largely dependent on the continued services of key employees in IGC, Sricon, and TBL. 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 no one is irreplaceable, the loss of the services of any would be disruptive to our business. In order to mitigate this risk factor we are recruiting professional managers and expanding the executive ranks as well as pursuing succession-planning initiatives, but there can be no guarantees that these mitigation efforts will be successful.

Quarterly financial results will vary.

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

- Fluctuations in revenue due to seasonality: For example, during the monsoon season, the heavy rains slow down road building and construction work. This results in uneven revenue and operating results through the quarters. In general the months between June and September are the rainy seasons and these tend to be slower quarters than the others.

- Our 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 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 and companies are also competing in their respective regions. If we are unable to offer competitive prices and obtain contracts, there could be a significant reduction in our revenue.

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 June through 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.

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We incur costs as a result of operating as a public company. Our management is required to devote substantial time to new compliance initiatives. Because we report in India in IGAAP and in the US in USGAAP, we may experience untimely close of our books and records and delays in the preparation of financial statements and related disclosures.

Prior to our acquisitions, both Sricon and TBL operated as private companies. As part of a public company with substantial operations, we are experiencing an increase in legal, accounting and other expenses. In addition the Sarbanes-Oxley Act of 2002 (the "SOX" act), as well as new rules subsequently implemented by the SEC and the American Stock Exchange, have imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. We have not evaluated or tested internal controls over financial reporting at Sricon and TBL. We expect to carry out the evaluations and take install systems and processes as required. However, we cannot be certain as to the timing of completion of the evaluation testing and remediation actions or the impact of the same on our operations.

The audit report provided by Yoganandh and Ram (Y&R) will require a review by a US firm.

The SEC requires that the 2008 audits of Sricon and TBL, conducted by Y&R, be reviewed by another PCAOB registered firm. If the review identifies changes to the audit, we will be required to amend our annual report as filed on Form 10-K. This is expected to increase our legal, accounting and other expenses. Ideally, the annual report as filed on Form 10-K would have been filed after the review. However, we would not have been able to file on time. We have therefore moved our annual meeting of the shareholders to September in order to give ourselves enough time to have the annual report reviewed.

The Company is still in the process of making significant compensation decisions.

The compensation committee is still in the process of making decisions on compensation. In the event the compensation committee awards cash, stock or options to key employees and directors, it will impact our earnings.

The Company has warrants outstanding, which could dilute the number of shares outstanding.

At the time the warrants are exercised, the company will get the exercise price, unless the exercise is cashless. In either case, such an exercise will also increase the number of shares outstanding. This may adversely affect the share price as the supply of shares eligible for sale in the public market will increase. The increased number of shares offered for sale in the public market may exceed the public demand to buy shares at a given market price resulting in the market price adjusting downward to equalize supply and demand.

Item 1B. Unresolved Staff Comments

On May 19, 2008 we received a letter from the SEC in response to our filing of a Form 8-K on May 8, 2008 stating that the audit firm of Yoganandh and Ram (Y&R) which has audited the financial statements contained in this Form 10-K is not recognized by the staff of the SEC. The SEC informed us that foreign auditors that wish to practice before the SEC are expected to demonstrate their knowledge and experience in applying U.S. GAAP, PCAOB standards, SEC financial reporting rules and SEC requirements prior to inclusion of their audit reports in SEC filings.

The firm of Y&R is registered with the PCAOB and we are working with Y&R and the SEC to ensure that requirements of the SEC are fulfilled. We expect that the audits of Sricon, TBL and the annual report of IGC performed by Y&R will be reviewed by another PCAOB registered audit firm experienced with SEC filings and recognized by the SEC. If the review process results in adjustments to the financial statements, we will file an amendment to this Form 10-K. Waiting for the review in order to file this Form 10-K would have resulted in an inordinate delay in filing.

Item 2. Property

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are located at 4336 Montgomery Avenue, Bethesda, Maryland, 20814. Sricon's headquarters are located at Pragati Layout, Rajeev Nagar, Nagpur 440025, India. TBL's headquarters are located at 34/136 A Edappally Bypass Road, Cochin 682024, Kerala, India. In addition, we have offices in Mauritius, Delhi, Bombay and Bangalore, India. We have temporary facilities at each of our work centers in the states of Maharashtra, Madhya Pradesh, Karnataka, Andhra Pradesh and Assam.

The Company is not involved in investments in (i) real estate or interests in real estate, (ii) real estate mortgages, and (iii) securities of or interests in persons primarily engaged in real estate activities, as all of its land rights are used for production purposes.

Item 3. Legal Proceedings

None.

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Item 4. Submission of Matters to a Vote of Security Holders

On or about February 6, 2008, we distributed our Definitive Proxy Statement to each stockholder of record as of February 4, 2008, for our Special Meeting of Stockholders held on March 7, 2008 at 10:00 a.m. local time (the "Special Meeting"). We subsequently mailed a supplement to our Definitive Proxy Statement to our stockholders of record. At the Special Meeting, the stockholders were asked to consider two proposals.

The first proposal involved the vote on the acquisition of majority interests in Sricon and TBL by the Company. The voting results were:

| | |
|---|---|
| For: | 11,097,953 |
| Against: | 2,064,105 |
| Abstain: | 3,404 |
| Broker Non-Votes: | 0 |

In addition, holders of 1,910,469 shares of our common stock elected to redeem their shares for a pro-rata portion of the trust account.

The second proposal involved the adoption of IGC's 2008 Omnibus Incentive Plan, which provides for the grant of up to 300,000 shares (subject to adjustment as provided by the Plan) of IGC's common stock or cash equivalents to directors, officers, employees and/or consultants of IGC and its subsidiaries. The voting results were:

| | |
|---|---|
| For: | 11,677,732 |
| Against: | 1,342,482 |
| Abstain: | 5,004 |
| Broker Non-Votes: | 0 |

In addition, at the meeting, Sudhakar Shenoy and Suhail Nathani were elected to our board of directors to hold office as Class A directors for a period to expire at the fourth annual meeting of stockholders. The voting results with respect to Mr. Shenoy were:

| | |
|---|---|
| For: | 11,938,017 |
| Withhold: | 1,227,445 |
| Broker Non-Votes: | 0 |

The voting results with respect to Mr. Nathani were:

| | |
|---|---|
| For: | 11,884,517 |
| Withhold: | 1,320,945 |
| Broker Non-Votes: | 0 |

Our remaining directors, Dr. Ranga Krishna, Ram Mukunda and Richard Prins, were not up for election at the meeting, and their terms as directors continued subsequent to the meeting.

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PART II

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

The Company commenced its initial public offering on March 8, 2006. In the initial public offering, the Company offered units for purchase. A unit in the Company is comprised of one share of common stock of the Company and two warrants to purchase one share of common stock. On April 13, 2006, there was a voluntary separation of the Company's units into shares of common stock and warrants to purchase common stock which permitted separate trading of the common stock and warrants. The common stock, units and warrants trade on the American Stock Exchange under the symbols "IGC," "IGC.U," and "IGC.WS," respectively. The following table sets forth the high and low sales prices of the units for the fiscal year, as reported on the American Stock Exchange.

The following table shows, for the last eight fiscal quarters, the high and low closing prices per share of the Common Stock, Warrants and Units as quoted on the American Stock Exchange:

| | Common Stock | | Warrants | | Units | |
|---|---|---|---|---|---|---|
| Quarter Ended | High | Low | High | Low | High | Low |
| June 30, 2006 | $ 5.65 | $ 5.35 | $ 0.84 | $ 0.46 | $ 7.49 | $ 6.35 |
| September 30, 2006 | $ 5.54 | $ 5.32 | $ 0.53 | $ 0.32 | $ 6.60 | $ 6.00 |
| December 31, 2006 | $ 5.86 | $ 5.43 | $ 0.87 | $ 0.39 | $ 7.74 | $ 6.22 |
| March 31, 2007 | $ 5.86 | $ 5.56 | $ 0.99 | $ 0.64 | $ 7.79 | $ 6.85 |
| June 30, 2007 | $ 5.77 | $ 5.57 | $ 0.79 | $ 0.59 | $ 7.32 | $ 6.85 |
| September 30, 2007 | $ 5.85 | $ 5.64 | $ 0.63 | $ 0.36 | $ 7.10 | $ 6.40 |
| December 31, 2007 | $ 5.94 | $ 5.69 | $ 0.59 | $ 0.34 | $ 6.90 | $ 6.35 |
| March 31, 2008 | $ 5.90 | $ 3.60 | $ 0.73 | $ 0.25 | $ 7.45 | $ 4.15 |

Holders

As of March 31, 2008, there were approximately 187 unit holders of record, 1,009 stockholders and 1,076 holders of warrants. The last sale price as reported by the American Stock Exchange on March 31, 2008, was $5.28 for units, $ 4.31 for shares and $ 0.62 for warrants. The Company has never paid a cash dividend on its common stock and does not anticipate the payment of cash dividends in the foreseeable future.

Unregistered Sales of Equity Securities

As previously disclosed in the Company's Form 8-K's dated December 27, 2007 and January 8, 2008, the Company completed the private placement to accredited investors of secured promissory notes (the "Notes") for an aggregate principal amount of $7,275,000 (the "Bridge Offering"). As part of the Bridge Offering, the Company also agreed to issue an aggregate of 754,953 shares of its common stock to the investors on a pro rata basis within ten business days following the consummation of a Business Combination that is approved by a majority of the Company's stockholders. On March 7, 2008 we consummated a Business Combination that was approved by a majority of the Company's stockholders and the investors in the Bridge Offering became eligible to receive the shares. The Company issued 754,953 shares to the Bridge Investors. The Company agreed to allow the Investors to register the resale of the shares as part of a subsequent registration statement relating to securities of the Company, subject to certain specified exceptions.

On March 7, 2008 Messrs. Mukunda and Krishna entered into an agreement with third parties to transfer on September 8, 2008 pursuant to the terms of certain Share Redistribution Agreements an aggregate of 1,368,031 shares of the Company’s common stock. Specifically, Mr. Mukunda agreed to transfer 1,131,581 shares and Dr. Krishna agreed to transfer 236,450 shares. The purpose of the agreements were to induce such third parties to acquire shares of the Company's common stock and to cause such shares to be voted in favor of the Company’s acquisition.

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Issuer Purchases of Equity Securities

During the fourth quarter of our fiscal year ended March 31, 2008, the Company made the following purchases of its equity securities:

ISSUER PURCHASES OF EQUITY SECURITIES

| Period | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share (or Unit) | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs** | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| Month #1 (January 1, 2008-January 31, 2008) | 0 | N/A | N/A | N/A |
| Month #2 (February 1, 2008-February 29, 2008) | 0 | N/A | N/A | N/A |
| Month #3 (March 1, 2008-March 31, 2008) | 6,159,356* | $ 5.94 | 6,159,356 | 0 |
| Total | 6,159,356* | $ 5.94 | 6,159,356 | 0 |

*The total shares repurchased include 1,910,469 shares purchased at a price of $5.94 per share from stockholders who voted against the Acquisitions and exercised their rights to convert their shares into a pro rata portion of the funds maintained by the Company in trust and 4,248,877 shares purchased at a price of $5.94 from stockholders, at , who expressed a desire to sell their shares to the Company in individually negotiated transactions.

**In a supplement to the Company's proxy statement filed with the SEC on March 4, 2008, the Company indicated its intent to purchase shares from up to 10 stockholders in privately negotiated transactions in exchange for such stockholders agreeing to vote in favor of, or to change their vote to vote in favor of, the proposals presented at the Company's stockholders meeting or granting the Company a proxy to vote their shares in the Company's discretion. The Company did not set out an express limit on the number of shares to be repurchased but indicated that it expected the repurchases to be funded by loans for approximately $23,000,000. The Company concluded the repurchases upon the consummation of the Acquisitions.

Dividends

IGC has not paid any cash dividends on its common stock to date. It is the present intention of the board of directors to retain all earnings, if any, for use in the business operations, and consequently, the board does not anticipate declaring any dividends in the foreseeable future. The payment of any dividends will be with the discretion of the board of directors and will be contingent upon our financial condition, results of operations, capital requirements and other factors our board deems relevant.

Item 6. Selected Financial Data

All three companies IGC, Sricon and TBL, have fiscal years that end at March 31.

IGC's historical information is derived from its audited financial statements for the period from its inception (April 29, 2005) to March 31, 2006, for the fiscal year ended March 31, 2007 and March 31, 2008. 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 financial performance of IGC, Sricon and TBL.

India Globalization Capital, Inc.
(Amounts in Thousands Except Per Share Data)

| Selected Statement of Operations Data: | April 29, 2005 To March 31, 2006 | Year Ended March 31, 2007 | Year Ended March 31, 2008 |
|---|---|---|---|
| Revenue | | | 2,188,018 |
| Other Income-Interest, net | $ 210,584 | 3,171,818 | 471,698 |
| Net Income (loss) | (443,840) | 1,517,997 | (5,224,834) |
| Per Share Data | | | |
| Earnings per share – basic | $ (0.14) | $ 0.11 | $ (0.61) |
| Earnings per share - diluted | | | $ (0.61) |
| Weighted Average Shares | | | |
| Basic | 3,191,000 | 13,974,500 | 8,570,107 |
| Diluted | | | 8,570,107 |

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India Globalization Capital, Inc.
Selected Summary Balance Sheet Data

| | March 31, 2007 | March 31, 2008 |
|---|---|---|
| ASSETS | | |
| Investments held in trust fund | $ 66,104,275 | $ - |
| LIABILITIES | | |
| Common stock subject to possible conversion | 12,762,785 | - |
| Total stockholders' equity | $ 52,923,699 | $ 67,626,973 |

he following table sets forth certain selected financial data of Sricon. The selected financial data presented below was derived from Sricon's audited consolidated financial statements for the period April 1, 2007 through March 7, 2008 and for the three year period ended March 31, 2007, and from Sricon's unaudited consolidated financial statements for the year ended March 31, 2004. 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 financial performance of IGC, Sricon and TBL.

Sricon Infrastructure

| Amounts in Thousands Except Per Share Data | Unaudited Year Ended March 31, 2004 | Year Ended March 31, 2005 | Year Ended March 31, 2006 | Year Ended March 31, 2007 | April 1, 2007 to March 7, 2008 |
|---|---|---|---|---|---|
| Revenue | $ 15,298 | 11,477 | 11,011 | 10,604 | 22,614 |
| Income Before Tax | 646 | 907 | 668 | 778 | 3,144 |
| Income Taxes | (199) | (363) | (186) | (368) | (768) |
| Net Income (loss) | 446 | 544 | 482 | 410 | 2,376 |
| Per Share Data | | | | | |
| Earnings per share - basic | $ 0.11 | 0.19 | 0.16 | 0.14 | 0.81 |
| Earnings per share - diluted | | | | | 0.78 |
| Weighted Average Shares | | | | | |
| Basic | 183,259 | 2,932,159 | 2,932,159 | 2,932,159 | 2,932,159 |
| Diluted | | | | | 3,058,881 |

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Sricon Infrastructure Private Limited
Selected Summary Balance Sheet Data

| (Amounts in Thousand US Dollars) | Unaudited March 31, 2004 | March 31, 2005 | March 31, 2006 | March 31, 2007 | March 07, 2008 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Accounts receivables | $ 2,223 | $ 2,128 | $ 2,083 | $ 2,751 | $ 7,764 |
| Unbilled receivables | 984 | 974 | 2,980 | 2,866 | 4,527 |
| Inventories | 71 | 154 | 248 | 71 | 447 |
| Property and equipment, net | 3,098 | 3,424 | 4,347 | 4,903 | 5,327 |
| BOT Project under progress | 0 | 0 | 1,584 | 3,080 | 3,485 |
| LIABILITIES | | | | | |
| Short-term borrowings and current portion of long-term debt | 359 | 5,103 | 3,868 | 3,646 | 5,732 |
| Due to related parties | 1,553 | 1,724 | 1,604 | 2,264 | 1,322 |
| Long-term debt, net of current portion | 1,089 | 1,278 | 1,855 | 2,182 | 1,264 |
| Other liabilities | 1,267 | 1,307 | 697 | 1,913 | 1,519 |
| Total stockholders' equity | $ 2,822 | $ 2,760 | $ 3,740 | $ 4,289 | $ 9,673 |

The following table sets forth certain selected financial data of TBL. The selected financial data presented below was derived from TBL's audited consolidated financial statements for the period April 1, 2007 through March 7, 2008 and for the three year period ended March 31, 2007, and from Sricon's unaudited consolidated financial statements for the year ended March 31, 2004. 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 financial performance of IGC, Sricon and TBL.

Techni Bharathi Limited
Selected Summary Statement of Income Data

| (Amounts in Thousand US Dollars, except share data and as stated otherwise) | Unaudited March 31, 2004 | March 31, 2005 | March 31, 2006 | March 31, 2007 | April 1 2007 to March 7, 2008 |
|---|---|---|---|---|---|
| Revenue | $ 8,773 | $ 8,954 | $ 2,285 | $ 4,318 | $ 5,321 |
| Income (loss) before income taxes | (2,609) | (3,823) | (2,369) | 401 | 2,245 |
| Income taxes | (63) | 515 | 62 | 135 | (86) |
| Net (loss)/income | (2,672) | (3,308) | (2,307) | 536 | 1,988 |
| Earnings (loss) per share | | | | | |
| Basic | $ (0.62) | $ (0.77) | $ (0.54) | $ 0.13 | $ 0.46 |
| Diluted | $ (0.62) | $ (0.77) | $ (0.54) | $ 0.13 | $ 0.22 |
| Weighted average number of shares outstanding | | | | | |
| Basic | 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 | 9,089,928 |

Techni Bharathi Limited
Selected Summary Balance Sheet Data

| (Amounts in Thousand US Dollars) | Unaudited March 31, 2004 | March 31, 2005 | March 31, 2006 | March 31, 2007 | March 7, 2008 |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $ 107 | $ 83 | $ 69 | $ 1,208 | $ 736 |
| Inventories | 4,922 | 4,459 | 4,182 | 1,284 | 1,428 |
| Prepaid and other assets | 2,070 | 1,765 | 1,275 | 1,231 | 271 |
| Property, plant and equipment (net) | 3,985 | 3,463 | 2,417 | 2,265 | 1,979 |
| LIABILITIES | | | | | |
| Short term borrowings and current portion of long-term loan | 6,614 | 6,291 | 8,125 | 6,079 | 2,437 |
| Trade payable | 2,738 | 3,341 | 987 | 1,502 | 2,222 |
| Long term debts, net of current portion | 2,892 | 3,897 | 3,656 | 2,333 | - |
| Advance from customers | 2,755 | 3,057 | 2,997 | 1,877 | 824 |
| Total Stockholders' equity | $ 320 | $ (3,032) | $ (5,438)) | $ (4,895) | $ (397) |

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Item 7. Management's Discussion and Analysis

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,” “estim “believe,” “intend,” “plan,” or “project,” or the negative of these words or other variations on these words or comparabl 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. These statements may be found in this report. 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 “Description of Business” 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.

Background

IGC, a Maryland corporation was organized on April 29, 2005 as a blank check company for the purpose of acquiring one or more businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, we completed an initial public offering. On February 19. 2007, we incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius. On March 7, 2008, we consummated an agreement to acquire 63% of Sricon Infrastructure Private Limited (Sricon) and 77% of Techni Bharathi Limited (TBL). The shares of the two Indian companies, Sricon and TBL, are held by IGC-M.

Most of the shares of Sricon and TBL acquired by IGC were purchased directly from the companies. IGC purchased a portion of the shares from the existing owners of the companies. The founders and management of Sricon own 37% of Sricon and the founders and management of TBL own 23% of TBL.

The acquisitions were accounted for under the purchase method of accounting. Under this method of accounting, for accounting and financial purposes, IGC-M, Limited, was treated as the acquiring entity and Sricon and TBL as the acquired entities. The financial statements provided here and going forward are the consolidated statements of IGC, which include IGC-M, Sricon, TBL and their subsidiaries. However, historical descriptions of our business for periods and dates prior to March 7, 2008 include information on Sricon and TBL.

Sricon was incorporated in 1997 with the Registrar of Companies, Maharashtra in the name of “Srivastava Construction Private Limited.” Sricon is located in Nagpur, India. TBL was incorporated in 1982.

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. In an effort to consolidate all infrastructure activities under one company to garner better synergy, business profile, as well as improve cost management, VEE was merged with Sricon effective March 31, 2004.

Company Overview

We are an engineering and construction company engaged in three core business areas: 1) civil construction of highways and other heavy construction, 2) mining and quarrying and 3) the construction and maintenance of high temperature cement and steel plants. Through our subsidiaries, we have a pan-India focus and Sricon is accredited with ISO 9001:2000 certification. Our present and past clients include various Indian government organizations. Including our subsidiaries, we have approximately 300 skilled employees and over 800 unskilled labor contractors. Our larger subsidiary, Sricon, has the capacity and prior experience to bid on contracts priced at a maximum of about $116 million. Our subsidiaries have recently won several new construction contracts including, as disclosed in a press release, a contract to build 150 miles of rural roads including one major and 33 minor bridges. Also, we recently won five licenses for quarrying rock aggregate which is a raw material used in heavy construction as well as road building. We estimate that there is around $50 Million of rock aggregate in the five quarries. We expect to mine this over the next three to five years.

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Through our subsidiaries, we have over $349 million of backlog of orders in the three core areas of business. We expect to execute these contracts over the next 30 months. The increases in labor and commodity prices poses a margin risk, which we are diligently mitigating through the following steps: 1) ensuring that contracts have an escalation clause, which allows us to pass on increases in commodity prices to the contracting agency, 2) shore up reserves of raw materials. For, for example, we use rock aggregate in all our construction and having an adequate supply of rock aggregate mitigates the risk of unforeseen prices increases, 3) adapting best practices to recruit and retain skilled and unskilled labor.

The Indian government has articulated plans to modernize the Indian Infrastructure. It expects to spend over $475 billion in this effort. We believe that these initiatives will continue to be favorable to our business model. Our model is quite simple: we bid on construction, mining and engineering contracts; the contracts we win increase our backlog of orders, which translates into greater revenues and earnings. There is seasonality in our business as outdoor construction activity slows down during the Indian monsoons. The rains typically last intermittently from June through September.

Industry Overview

The Indian economy reached a significant milestone when rapidly growing GDP surpassed the $1 Trillion mark in fiscal 2007. According to the World Bank, only nine economies at the close of 2005 generated more than $1 Trillion in GDP. In general, India's growth rates have held steady for the past few years ranging from 6.2% to 8.5% since 2003 and peaked at 9.2% last fiscal year ending March 31, 2007. The Indian stock markets experienced significant growth with the SENSEX peaking at 21, 000 (January 8, 2008) during fiscal year March 31, 2008. However, due to speculative inflationary expectations, the markets have retreated to early 2007 levels.

India's GDP growth for fiscal year end March 31, 2008 was 9%, a slight drop compared to 9.2% in the previous 12-month period, but the third year in a row where it has finished at 9% or above. The factors contributing to maintaining this high growth included stellar performances in the agriculture and service industries, favorable demographic dynamics (India has a large youth population that exceeds 550 Million), the savings rate and spending habits of the Indian middle class. Other factors are attributed to changing investment patterns, increasing consumerism, healthy business confidence, inflows of foreign investment (India ranks #2 behind China in the A.T. Kearney "FDI Confidence Index" for 2007) and improvements in the Indian banking system. Meanwhile, several economic think tanks are forecasting a slight downward trend in India's GDP growth rate during the current fiscal year to approximately 8.5%, which still ranks India among the top 9 global performers. Planning Commission Deputy Chairman was more optimistic addressing reporters in New Delhi on June 24, 2008 stating that India can maintain a rate of 9% growth despite challenges such as rising oil prices.

To sustain India's fast growing economy, the share of infrastructure investment in India is expected to increase to 9 per cent of GDP, which is an increase from 5 per cent in 2006-07. This forecast is based on The Indian Planning Commission's annual publication that for the Eleventh Plan period (2007-12), a large investment of approximately $494 Billion would be required for Infrastructure build and modernization. This industry is the largest employer in the country – the construction industry alone employs more than 30 million people. According to the Business Monitor International (BMI), by 2012, the construction industry's contribution to India's GDP is forecasted to be 16.98%. The sector is riding on a high growth wave powered by the large expenditures committed to 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.

This ambitious infrastructure development mandate by the Indian Government will require huge funding. The Government of India has already raised funds from multi-lateral agencies such as the World Bank and the Asian Development Bank. The India Infrastructure Company was set up to back projects by guaranteeing up to $2 Billion annually. In addition, the Indian Government has identified public-private partnerships (PPP) as the cornerstone of its infrastructure development policy. The government is also proactively seeking additional FDI and approval is not required for up to 100% of FDI in most infrastructure areas. According to Indian Prime Minister Dr. Manmohan Singh, addressing the Finance Ministers of ASEAN countries, at the Indo ASEAN Summit at New Delhi, in August 2007, India needs $150 billion at the rate of $15 billion per annum for the next 10 years. Speaking to the media in November of 2007, Indian commerce minister Kamal Nath added: "Our FDI policy is perhaps one of the most liberal in the world, India remains a favorite FDI destination despite what is going on in the stock market."

Previously, Minister Nath said the government had fixed an ambitious $30 billion FDI target for the country's 2007-08 financial year (April to March) following total inflows in 2006-07 of $19.5 billion (or $16B excluding reinvested earnings) compared with $7.7 billion in 2005-06. Actual FDI for 2007-08 surged past $25 Billion. With the exception of Japan, the focus and expected growth of infrastructure in India has made it a leading FDI destination within Asia in terms of private equity. Eight of the Lipper's world's top ten infrastructure funds in 2007 were Indian equity funds. However, in comparison , China received $67 billion in FDI, while India received only $16B. More than 50% of India’s FDI’s will be utilized for infrastructure, telecom, and power among others.

The Government of India is also permitting External Commercial Borrowings (ECB’s) as a source of financing Indian Companies looking to expand existing capacity as well as incubation for new startups. ECB’s include commercial bank loans, buyers' credit, suppliers' credit, securitized instruments such as Floating Rate Notes and Fixed Rate Bonds, credit from official export credit agencies, and commercial borrowings from private sector Multilateral Financial Institutions such as International Finance Corporation (Washington), ADB, AFIC, CDC, etc. National credit policies seek to keep an annual cap or ceiling on access to ECB, consistent with prudent debt management. Also, these policies seek to encourage greater emphasis on infrastructure projects and core sectors such as power, oil exploration, telecom, railways, roads & bridges, , ports, industrial parks, urban infrastructure, and fosters exporting. exporting.. Applicants will be free to raise ECB from any internationally recognized source such as banks, export credit agencies, suppliers of equipment, foreign collaborators, foreign equity-holders, and international capital markets.

ECB can be accessed in two methods, namely, the Automatic Route and the Approval Route. The Automatic Route is primarily for investment in Indian infrastructure, and will not require Reserve Bank of India (RBI)/Government approval. The maximum amount of ECB’s under the Automatic Route raised by an eligible borrower is limited to $500 million during any financial year. The following are additional requirements under the Automatic route:

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a) ECB up to $20 million or equivalent with minimum average maturity of 3 years.
b) ECB above $20 million and up to $500 million or equivalent with minimum average maturity of 5 years.

Some of the areas where ECB's are utilized is the National Highway Development Project and the National Maritime Development Program. In addition, the following represent some of the major infrastructure projects planned for the next five years:

1. Constructing dedicated freight corridors between Mumbai-Delhi and Ludhiana-Kolkata.
2. Capacity addition of 485 million MT in Major Ports, 345 million MT in Minor Ports.
3. Modernization and redevelopment of 21 railway stations.
4. Developing 16 million hectares through major, medium and minor irrigation works.
5. Modernization and redevelopment of 4 metro and 35 non-metro airports.
6. Expansion to six-lanes 6,500 km (4,038 Miles) of Golden Quadrilateral and selected National Highways.
7. Constructing 228,000 miles of new rural roads, while renewing and upgrading the existing 230,000 miles covering 78,304 rural habitations.

Results of Operations (IGC)

The following discussion relates to IGC for the years ended March 31, 2008 and March 31, 2007 and for the period from April 29, 2005 (inception) to March 31, 2006:

For the year ended March 31, 2007 and the period ended March 31, 2006

We acquired Sricon and TBL on March 7, 2008. The consolidated statements of IGC reflect the consolidation for the three remaining weeks in March. For the year ended March 31, 2008 and March 31, 2007, we had revenue of 2,188,018 and zero respectively and net loss of 5,215,270 and earnings of 1,517,997 respectively. The loss primarily consists of and one-time expenses related to the payment of shares to Bridge Investors and SPAC related charges.

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Management Discussion and Analysis (Sricon)
Effects of the Acquisition on Sricon

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.

Results of Operations (Sricon)

Summarized balance sheet information for Sricon is as follows:

| (Amounts in Thousand US Dollars) | As of March 31, 2007 | As of March 7, 2008 |
|---|---|---|
| Total Assets | $ 15,358 | $ 25,790 |
| Total liabilities and stockholders' equity | $ 15,358 | $ 25,790 |

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

| (Amounts in Thousand US Dollars) | As of March 31, 2007 | As of March 7, 2008 |
|---|---|---|
| ASSETS | | |
| Accounts receivables | $ 2,751 | $ 7,764 |
| Unbilled receivables | 2,866 | 4,527 |
| Inventories | 71 | 447 |
| BOT Project under progress | 3,080 | 3,485 |
| LIABILITIES | | |
| Short-term borrowings and current portion of long-term debt | 3,646 | 5,732 |
| Due to related parties | 2,264 | 1,322 |
| Long-term debt, net of current portion | 2,182 | 1,264 |
| Other liabilities | 1,913 | 1,519 |
| Total stockholders' equity | $ 4,289 | $ 9,673 |

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The following table sets forth an overview of Sricon's results of operations for the same period.

| (Amounts in Thousand US Dollars) | | March 31, 2007 | | April 1, 2007 to March 07, 2008 |
|---|---|---|---|---|
| Revenue | $ | 10,604 | $ | 22,614 |
| Net income before income taxes | | 778 | | 3,144 |
| Income Taxes | | (368) | | (768) |
| Net Income | | 410 | | 2,376 |
| Income (loss) per share: basic | $ | 0.14 | $ | 0.81 |
| Diluted | | | | 0.78 |

Discussion

April 1, 2007 to March 7, 2008 compared to FYE March 31, 2007 (FY 2007)

Revenues

Total revenue increased by 113% for the period April 1, 2007 to March 7, 2008 ($22.61 million) over the prior fiscal year ($10.60 million). The company began several large contracts including civil construction of cement plants. The company continues to maintain large construction contracts and is expected to resume after the monsoons end in September 2008.

Expenses

Sricon's expenses primarily consist of construction materials, employee compensation and benefits, depreciation and amortization, interest expense and general and administrative expense. For the period April 1, 2007 to March 7, 2008, total expenses increased by $9.77 million or 98%, as compared to FY 2007. Cost of revenue increased by $7.88 million or 97%, as compared to FY 2007. The increase was due to higher construction costs associated with increased contract revenue during the period April 1, 2007 to March 7, 2008. Selling, general and administrative expenses increased by $1.27 million or 114%, as compared with FYE 2007 due to the same reasons. . Interest expense increased by nearly .50 million or 86%, as compared with FYE 2007. The increase in interest expense was due to higher utilization of debt and an increase in interest rates.

Liquidity and Capital Resources

The Company's liquidity and funding risk management policies are designed to ensure that we are able to access adequate financing. The principal sources of financing Sricon's business are stockholders' equity and bank lines of credit. As of March 7, 2008, Sricon's net capital exceeded its net capital requirements. Also, Sricon has entered into several credit agreements with various banks.

Cash Flows

During the period April 1, 2007 to March 7, 2008, Sricon utilized nearly 1 million in cash in operating activities. The net cash was primarily used to finance the increased receivables, non-current assets, advance from customers and other non-current liabilities. Also, Sricon invested .23 million in the purchase of plants, machinery, and other equipment. We and we purchased non-current investments for .69 million, resulting in net cash used in investing activities of .76 million. These investments were mainly financed from capital leases, reinvestment of profits and share subscription money received from IGC. The net increase in cash and cash equivalents was .21 million.

Sricon used .91 million in operating activities during 2006-07. The net cash was primarily used to finance increased receivables, BOT Projects under Progress and decreased trade payables. Sricon also invested in the purchase of plant, machinery, and other equipment for .73 million resulting in net cash used in investing activities of .18 million in 2006-07. These investments were primarily financed by bank overdrafts, term loans, reinvestment of profits, and customer and related party balances. The net decrease in cash and cash equivalents was .45 million during the 2006-07 fiscal year. Sricon is in talks with several banks in India to secure revolving lines of debt to meet its working capital requirements and fund rapid growth.

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

Revenues

Total revenues were $10.60 million in FYE 2007, and $11.01 million for FYE 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 FYE 2007, total expenses decreased by $.47 million or 5%, compared to FYE 2006. Cost of Revenue decreased by $.50 million or 6%, compared to FYE 2006. The decrease was due to lower contract revenue during the year. Selling, general and administrative expenses decreased by $.13 million or 10%, compared to FYE 2006, due to lower scale of operations during the year. Interest expense increased by $.14 million or 37% compared to FYE 2006. The increase was due to higher utilization of debt and an increase in interest rates.

Liquidity and Capital Resources

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

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

Cash Flows

Sricon used $.91 million in operating activities during FY 2007. Net cash was used to finance increased receivables, BOT Projects under progress and decreased trade payables. Sricon also invested .73 million in the purchase of plant, machinery, and other equipment, resulting in net cash used in investing activities of $.18 million in FY 07. These investments were primarily financed by bank overdrafts, term loans, reinvestment of profits and customer and related party balances. The net decrease in cash and cash equivalents was $.45 million during FY 07.

Off Balance Sheet Arrangements

Options and warrants issued by the Company are equity-linked derivatives and accordingly represent off balance sheet arrangements. The options and warrants meet the scope exception in paragraph 11