

India Globalization Capital, Inc.
Form 10QSB
February 19, 2008

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

FORM 10-QSB

R Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended December 31, 2007

OR

£ Transition report under Section 13 or 15(d) of the Exchange Act.
For the transition period from
to

Commission file number: 0001326205

INDIA GLOBALIZATION CAPITAL, INC.
(Exact name of small business issuer as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

20-2760393
(I.R.S. Employer Identification No.)

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

(301) 983-0998
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

R Yes £ No

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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

Accelerated Filer
Filer

Non-Accelerated

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

Indicate the number of shares outstanding for each of the issuer’s classes of common equity as of the latest practicable date: As of February 15, 2008, the company had 13,974,500 shares outstanding.

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

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

India Globalization Capital, Inc.
(a development stage company)
CONDENSED CONSOLIDATED BALANCE SHEET

| | December 31, 2007 (Unaudited) | March 31, 2007 |
|---|----------------------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,208,160 | \$ 1,169,422 |
| Investments held in Trust Fund | 66,938,208 | 66,104,275 |
| Interest Receivable - Convertible Debenture | 217,479 | 37,479 |
| Convertible debenture in MBL | 3,000,000 | 3,000,000 |
| Loan acquisition costs | 237,705 | - |
| Prepaid taxes | 49,289 | - |
| Prepaid expenses and other current assets | 7,625 | 74,197 |
| Total Current Assets | 72,658,466 | 70,385,373 |
| Deposits towards acquisitions | 3,670,000 | - |
| Deferred acquisition costs | 233,189 | 158,739 |
| Deferred tax assets - Federal and State, net of valuation allowance | 891,547 | 142,652 |
| Total Assets | \$ 77,453,202 | \$ 70,686,764 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accrued expenses | \$ 851,613 | \$ 237,286 |
| Notes payable to stockholders | 5,095,000 | 870,000 |
| Taxes payable | - | 296,842 |
| Deferred trust interest | 281,742 | 32,526 |
| Notes Payable to Oliveira Capital, LLC | 3,847,214 | 1,794,226 |
| Due to Underwriters | 1,769,400 | 1,769,400 |
| Total current liabilities | \$ 11,844,969 | \$ 5,000,280 |
| Common stock subject to possible conversion, 2,259,770 at conversion value (Note A) | 12,762,785 | 12,762,785 |
| COMMITMENTS AND CONTINGENCY | | |
| STOCKHOLDERS' EQUITY | | |

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| | | | |
|---|---------------|-------|---------------|
| Preferred stock \$.0001 par value; 1,000,000 shares authorized; none issued and outstanding | | | - |
| Common stock — \$.0001 par value; 75,000,000 shares authorized; issued and outstanding 13,974,500 (including 2,259,770 shares subject to possible conversion) | | 1,397 | 1,397 |
| Additional paid-in capital | 51,848,145 | | 51,848,145 |
| Income accumulated during the development stage | 995,906 | | 1,074,157 |
| Total stockholders' equity | 52,845,448 | | 52,923,699 |
| Total liabilities and stockholders' equity | \$ 77,453,202 | | \$ 70,686,764 |

See notes to unaudited condensed consolidated financial statements.

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India Globalization Capital, Inc.
(a development stage company)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

| | Three Months Ended December 31, 2007 | Three Months Ended December 31, 2006 | Nine Months Ended December 31, 2007 | Nine Months Ended December 31, 2006 | April 29, 2005 (Date of Inception) Through December 31, 2007 |
|---|--|--|---|---|--|
| Legal and formation, travel and other start up costs | \$ (286,006) | \$ (292,434) | \$ (670,534) | \$ (570,303) | \$ (1,503,764) |
| Compensation expense | - | - | - | - | (535,741) |
| Interest expense | (443,100) | (12,026) | (1,284,700) | (29,526) | (1,394,116) |
| Interest income | 538,894 | 834,521 | 1,836,957 | 2,414,645 | 5,219,359 |
| Income / (loss) before income taxes | (190,212) | 530,061 | (118,277) | 1,814,816 | 1,785,738 |
| Provision for income taxes, net | (64,630) | 186,025 | (40,026) | 623,625 | 789,832 |
| Net income / (loss) | \$ (125,582) | \$ 344,036 | \$ (78,251) | \$ 1,191,191 | \$ 995,906 |
| Net income / (loss) per share: basic and diluted | \$ (0.01) | \$ 0.02 | \$ (0.01) | \$ 0.09 | |
| Weighted average number of shares outstanding-basic and diluted | 13,974,500 | 13,974,500 | 13,974,500 | 13,974,500 | |

See notes to unaudited condensed consolidated financial statements

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India Globalization Capital, Inc.
(a development stage company)
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

| | Common Stock | | Additional | Earnings (Deficit) | Total |
|---|--------------|--------|--------------------|---|-------------------------|
| | Shares | Amount | Paid-in Capital | Accumulated during the Development Stage | Stockholders' Equity |
| Issuance of common stock to founders at \$.01 per share (1,750,000 shares on May 5, 2005 and 750,000 shares on June 20, 2005) | 2,500,000 | \$ 250 | \$ 24,750 | \$ - | \$ 25,000 |
| Surrendered shares (on September 7, 2005 and February 5, 2006 of 62,500 and 137,500 respectively) | (200,000) | (20) | 20 | - | - |
| Issuance of common stock to founders at \$.01 per share on February 5, 2006 | 200,000 | 20 | 537,721 | - | 537,741 |
| Issue of 170,000 units in a private placement placement | 170,000 | 17 | 1,019,983 | - | 1,020,000 |
| Issue of 11,304,500 units, net of underwriters' discount and offering expenses (including 2,259,770 shares subject to possible conversion) and \$100 from underwriters option | 11,304,500 | 1,130 | 61,793,456 | - | 61,794,586 |
| Proceeds subject to possible conversion of shares | - | - | (12,762,785) | - | (12,762,785) |

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| | | | | | |
|--|------------|----------|---------------|------------|---------------|
| Net loss for the period | - | - | - | (443,840) | (443,840) |
| Balance at March 31, 2006 | 13,974,500 | 1,397 | 50,613,145 | (443,840) | 50,170,702 |
| Fair value of 425,000 warrants issued to Oliveira Capital, LLC | - | - | 1,235,000 | - | 1,235,000 |
| Net income / (Loss) | - | - | - | 1,517,997 | 1,517,997 |
| Balance at March 31, 2007 | 13,974,500 | 1,397 | 51,848,145 | 1,074,157 | 52,923,699 |
| Unaudited: Net Loss for the nine months ended December 31, 2007 | - | - | - | (78,251) | (78,251) |
| Balance at December 31, 2007 | 13,974,500 | \$ 1,397 | \$ 51,848,145 | \$ 995,906 | \$ 52,845,448 |

See notes to unaudited condensed consolidated financial statements

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India Globalization Capital, Inc.
(a development stage company)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Nine Months ended December 31, 2007 | Nine Months ended December 31, 2006 | April 29, 2005 (Date of Inception) through December 31, 2007 |
|---|--|--|---|
| Cash flows from operating activities: | | | |
| Net income (loss) | \$ (78,251) | \$ 1,191,191 | \$ 995,906 |
| Adjustment to reconcile net income (loss) to net cash used in operating activities: | | | |
| Interest earned on Treasury Bills | (1,888,597) | (2,339,395) | (5,190,388) |
| Non-cash compensation expense | - | - | 535,741 |
| Deferred taxes | (748,895) | 19,332 | (891,547) |
| Amortization of debt discount on Oliveira debt | 1,052,988 | - | 1,082,214 |
| Amortization of loan acquisition costs | 12,295 | - | 12,295 |
| Changes in: | | | |
| Prepaid expenses and other current assets | 66,572 | 35,897 | (7,625) |
| Interest receivable - convertible debenture | (180,000) | - | (217,479) |
| Deferred interest liability | 249,216 | - | 281,742 |
| Accrued expenses | 338,296 | (191,672) | 510,582 |
| Prepaid / taxes payable | (346,131) | 553,625 | (49,289) |
| Net cash used in operating activities | (1,522,507) | (731,022) | (2,937,848) |
| Cash flows from investing activities: | | | |
| Purchase of treasury bills | (401,237,567) | (590,530,003) | (1,255,007,581) |
| Maturity of treasury bills | 402,336,508 | 592,862,716 | 1,193,305,839 |
| Decrease (increase) in cash held in trust | (44,277) | (134,445) | (46,078) |
| Purchase of convertible debenture | - | - | (3,000,000) |
| Deposits towards acquisitions | (3,670,000) | - | (3,670,000) |
| Payment of deferred acquisition costs | (48,419) | - | (142,158) |
| Net cash used in investing activities | (2,663,755) | 2,198,268 | (68,559,978) |
| Cash flows from financing activities: | | | |
| Issuance of common stock to founders | - | - | 27,000 |
| Payments of offering costs | - | - | (4,263,114) |
| Proceeds from notes payable to stockholders | 4,825,000 | - | 5,695,000 |
| Proceeds from notes payable to stockholders | (600,000) | - | (600,000) |
| Proceeds from issuance of underwriters option | - | - | 100 |
| Gross proceeds from initial public offering | - | - | 67,827,000 |
| Proceeds from private placement | - | - | 1,020,000 |
| Proceeds from notes payable to Oliveira Capital, LLC | 1,000,000 | - | 4,000,000 |
| Net cash provided by financing activities | 5,225,000 | - | 73,705,986 |
| Net increase in cash and cash equivalent | 1,038,738 | 1,467,246 | 2,208,160 |

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| | | | |
|---|--------------|--------------|--------------|
| Cash and cash equivalent at the beginning of the period | 1,169,422 | 2,210 | - |
| Cash and cash equivalent at the end of the period | \$ 2,208,160 | \$ 1,469,456 | \$ 2,208,160 |
| Supplemental schedule of non cash financing activities: | | | |
| Accrual of deferred underwriters' fees | \$ | \$ - | \$ 1,769,400 |
| Accrual of deferred acquisition costs | 26,031 | - | 91,031 |
| Accrual of loan acquisition costs | 250,000 | - | 250,000 |
| Supplemental disclosure of cash flow information: | | | |
| Issuance of warrants in connection with Oliviera Debt | \$ | \$ - | \$ 1,235,000 |

See notes to unaudited condensed consolidated financial statements

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INDIA GLOBALIZATION CAPITAL, INC.
(a development stage company)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A — BASIS OF PRESENTATION

The financial statements at December 31, 2007 and for the three and nine months ended December 31, 2007 and 2006, and the period from April 29, 2005 (date of inception) to December 31, 2007 are unaudited and include the accounts of India Globalization Capital, Inc. (a corporation in the development stage) (the “Company”, or “IGC”).

In the opinion of management, all adjustments (consisting of normal accruals) have been made that are necessary to present fairly the financial position of the Company as of December 31, 2007 and the results of its operation and cash flows for the three and nine months ended December 31, 2007 and 2006 and the period from April 29, 2005 (date of inception) to December 31, 2007. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full year.

The statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission applicable to interim financial statements. Accordingly, certain information and footnotes disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations.

These financial statements should be read in conjunction with the financial statements that were included in the Company’s Annual Report on Form 10-KSB for the year ended March 31, 2007. The March 31, 2007 balance sheet and the statement of stockholders’ equity through March 31, 2007 have been derived from these audited financial statements.

The Company adopted FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes,” an interpretation of FASB Statement No. 109 (“FIN 48”) on April 1, 2007. FIN 48 clarifies the criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position may be recognized only if it is “more likely than not” that the position is sustainable based on its technical merits. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In May 2007, the FASB issued Staff Position, FIN 48-1, “Definition of Settlement in FASB Interpretation No. 48” (FSP FIN 48-1) which provides guidance on how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. FSP FIN 48-1 was effective with the initial adoption of FIN 48. The adoption of FIN 48 or FSP FIN 48-1 did not have a material effect on the Company’s financial condition or results of operations.

In December 2007, the Financial Accounting Standards Board released SFAS 141R, “Business Combinations” that is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The pronouncement resulted from a joint project between the FASB and the International Accounting Standards Board and continues the movement toward the greater use of fair values in financial reporting. SFAS 141R is expected to significantly change how future business acquisitions are accounted for and will impact financial statements both on the acquisition date and in subsequent periods.

In December 2007, the Financial Accounting Standards Board released SFAS 160 “Non-controlling Interests in Consolidated Financial Statements” that is effective for annual periods beginning December 15, 2008. The pronouncement resulted from a joint project between the FASB and the International Accounting Standards Board and continues the movement toward the greater use of fair values in financial reporting. Upon adoption of SFAS 160, the Company will re-classify any non-controlling interests as a component of equity.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE B — ORGANIZATION AND BUSINESS OPERATIONS

The Company was incorporated in Maryland on April 29, 2005. The Company was 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. The Company has neither engaged in any operations nor generated significant revenue to date. The Company is considered to be in the development stage and is subject to the risks associated with activities of development stage companies.

The registration statement for the Company's initial public offering (the "Public Offering") (as described in Note C) was declared effective March 2, 2006. The Company consummated the Public Offering including the over allotment option on March 8, 2006, and preceding the consummation of the Public Offering on March 2, 2006 certain of the officers and directors of the Company purchased an aggregate of 170,000 units (the "Units") from the Company in a private placement (the "Private Placement"). The Units sold in the Private Placement were identical to the 11,304,500 Units sold in the Public Offering, but the purchasers in the Private Placement have waived their rights to conversion and receipt of the distribution on liquidation in the event the Company does not complete a business combination (as described below). The Company received net proceeds from the Private Placement and the Public Offering of approximately \$62,815,000 (Note C).

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The Company's management has broad discretion with respect to the specific application of the net proceeds of the Private Placement and the Public Offering (together, the "Offering") although substantially all of the net proceeds of the Offering are intended to be generally applied toward acquiring one or more operating businesses in an unspecified industry located in India ("Business Combination"), which may not constitute a business combination for accounting purposes. Furthermore, there is no assurance that the Company will be able to effect a Business Combination. Upon the closing of the Public Offering, approximately ninety-seven percent (97%) of the gross proceeds of the Public Offering are being held in a trust account ("Trust Fund") and invested in government securities until the earlier of (i) the consummation of its first Business Combination or (ii) the distribution of the Trust Fund as described below. The remaining proceeds, along with interest earned on the Trust Fund, may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. The Company has signed definitive agreements for the acquisition of a target businesses (discussed in Note H) and filed a definitive proxy statement on Schedule 14A on February 8, 2008 with the SEC. We have called a special meeting of the shareholders for February 20, 2008 to seek stockholder approval of the target businesses, among other matters. In the event that holders of 50% or more of the shares of common stock issued in the Public Offering vote against the Business Combination or the holders of 20% or more of the shares of common stock issued in the Public Offering elect to exercise their conversion rights, the Business Combination will not be consummated. However, the persons who were stockholders prior to the Public Offering (the "Founding Stockholders") will not participate in any liquidation distribution with respect to any shares of the common stock acquired in connection with or following the Public Offering (Note C).

Pursuant to the terms of our Public Offering, 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, or 24 months from the consummation of the Public Offering if certain extension criteria have been satisfied (the "Acquisition Period"), the proceeds held in the Trust Fund will be distributed to the Company's public stockholders, excluding the Founding Stockholders to the extent of their initial stock holdings. In the event of such distribution, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Fund assets) will be less than the initial public offering price per share in the Public Offering (assuming no value is attributed to the warrants contained in the Units sold in the Public Offering discussed in Note C). The Company has satisfied the extension criteria and, therefore, the Acquisition Period expires on March 8, 2008. There is no assurance that the Company will be able to successfully affect a Business Combination during this period. This factor raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements are prepared assuming the Company will continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE C — INITIAL PUBLIC OFFERING

On March 8, 2006, the Company sold 11,304,500 Units in the Public Offering. Each Unit consists of one share of the Company's common stock, \$.0001 par value, and two redeemable common stock purchase warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing the later of the completion of a Business Combination or one year from the effective date of the Public Offering and expiring five years from the effective date of the Public Offering. The Warrants become redeemable, at a price of \$6.25 per Warrant, only in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading-days within a 30-trading day period ending on the third day prior to the date on which notice of redemption is given.

In connection with the Public Offering, the Company paid the underwriters in the Public Offering (collectively, the "Underwriter") an underwriting discount of approximately 5% of the gross proceeds of the Public Offering (\$3,391,350). In addition, a non-accountable expense allowance of 3% of the gross proceeds of the Public Offering,

excluding the over-allotment option, is due to the Underwriter, who has agreed to deposit the non-accountable expense allowance (\$1,769,400) into the Trust Fund until the earlier of the completion of a Business Combination or the liquidation of the Trust Fund. The Underwriter has further agreed to forfeit any rights to or claims against such proceeds unless the Company successfully completes a Business Combination.

The Warrants separated from the Units and began to trade on April 13, 2006. After separation, 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 later of (a) one year from the effective date of the Public Offering or (b) the earlier of the completion of a Business Combination with a target business or the liquidation of the Trust Fund and expiring five years from the date of the Public Offering. The Company has a right to redeem the Warrants, provided the common stock has traded at a closing price of at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. If the Company redeems the Warrants, either the holder will have to exercise the Warrants by purchasing the common stock from the Company for \$5.00 or the Warrants will expire.

The Underwriter's over-allotment option of 1,474,500 Units was exercised, and the 11,304,500 Units sold at the closing of the Public Offering include the over-allotment.

In connection with the Public Offering, the Company issued an option, for \$100, to the Underwriter to purchase 500,000 Units at an exercise price of \$7.50 per Unit, exercisable the later of March 2, 2007 or the consummation of a Business Combination. The Company has accounted for the fair value of the option, inclusive of the receipt of the \$100 cash payment, as an expense of the Public Offering resulting in a charge directly to stockholders' equity. The Company estimated, using the Black-Scholes method, the fair value of the option granted to the Underwriter as of the date of grant was approximately \$756,200 using the following assumptions: (1) expected volatility of 30.1%, (2) risk-free interest rate of 3.9% and (3) expected life of five years. The estimated volatility was based on a basket of Indian companies that trade in the United States or the United Kingdom. The option may be exercised for cash or on a "cashless" basis, at the holder's option, such that the holder may use the appreciated value of the option (the difference between the exercise prices of the option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the option without the payment of any cash. The Warrants underlying such Units are exercisable at \$6.25 per share.

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NOTE D — INVESTMENTS HELD IN TRUST FUND

Investments held in the Trust Fund 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. Investments held in the Trust Fund as of December 31 and March 31, 2007 include the following:

| | December 31, 2007 (Unaudited) | March 31, 2007 (Audited) |
|--|-------------------------------------|-----------------------------|
| Investment held for the benefit of the Company | \$ 63,845,850 | \$ 63,845,850 |
| Investment held for the benefit of the Underwriter | 1,769,400 | 1,769,400 |
| Investment earnings net of amounts withdrawn (1) | 1,322,958 | 489,025 |
| | \$ 66,938,208 | \$ 66,104,275 |

- (1) Through March 31, 2007, the Company has transferred approximately \$2,150,000 of investment earnings to fund working capital (the maximum amount permitted pursuant to the terms of the Public Offering) and \$1,735,000 of investment earnings to fund taxes from the Trust Fund into its operating account.

NOTE E — NOTES PAYABLE TO STOCKHOLDERS

The founding stockholders (the “Founders”) made three unsecured loans to the Company of \$720,000, \$100,000 and \$50,000 for an aggregate of \$870,000 that came due on March 31, 2007. The notes all bore interest at 4% per annum. On April 6, 2007, the \$100,000 loan was repaid.

Also on April 6, 2007, the loan of \$720,000 was partially repaid. The Company paid the founding stockholder \$500,000 plus accrued interest, cancelled the note for \$720,000 and issued the Founder a new note for \$220,000. The remaining \$50,000 loan not yet paid will be repaid on the earlier of March 31, 2008 or the consummation of a Business Combination. On May 8, 2007, the same Founder loaned the Company an additional \$275,000. The Company issued him a new note for \$275,000.

The rights under the two new notes are similar to those set out in the original Founder’s 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. Due to the short-term nature of the notes, the fair value of the notes approximates their carrying amount.

In addition, the same Founder also extended a loan of \$250,000 to the Company on substantially the same terms as those described above to facilitate a refundable deposit made by the Company in connection with the TBL Subscription Agreement, described in Note H, and purchased a secured promissory note in the aggregate principal amount of \$4,300,000 in the Bridge Offering discussed in Note H.

Interest expense of \$25,097 and \$43,807 has been included in the statement of operations for the three and nine months ended December 31, 2007 respectively, and \$9,200 and \$26,200 has been included in the statement of operations for the three and nine month periods ended December 31, 2006 respectively, and \$85,007 for the period from inception to December 31, 2007 relating to these notes.

NOTE F — RELATED PARTY TRANSACTION

The Company does not pay its founding executive officers or directors a salary or any other compensation currently. However, the Company had agreed to pay SJS Associates \$5,000 a month until the consummation of a Business Combination. SJS Associates is a privately held company wholly owned by Mr. John Selvaraj, our current Treasurer. The monthly fees were paid for services rendered by John Selvaraj to the Company. From inception to December 31, 2007, \$50,000 was paid to SJS Associates for Mr. Selvaraj's services. Effective November 1, 2007 the Company and SJS Associates terminated the agreement.

The Company has agreed to pay Integrated Global Network, LLC ("IGN, LLC"), an affiliate of our Chairman and Chief Executive Officer, Mr. Mukunda, an administrative fee of \$4,000 per month for office space and general and administrative services from the closing of the Public Offering through the date of a Business Combination. From inception to December 31, 2007, approximately \$84,000 was paid to IGN, LLC.

The Company uses the services of Economic Law Practice (ELP), a law firm in India. A member of our Board Directors is a Partner with ELP. Since inception to December 31, 2007, the Company has incurred \$169,847 for legal services provided by ELP.

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NOTE G — COMMITMENTS AND CONTINGENCY

In connection with the Public Offering and pursuant to an advisory agreement, the Company has engaged the Underwriter as its investment bankers to provide the Company with assistance in structuring the Business Combination. As compensation for the foregoing services, the Company will pay the Underwriter a cash fee at the closing of a Business Combination equal to 2% of the aggregate consideration paid in such Business Combination, up to a maximum of \$1,500,000, and pay up to \$25,000 of expenses. In addition, a fee of \$90,000 will be paid to Ferris, Baker for facilitating the loan to the Company by Oliveira Capital, LLC, at the closing of a Business Combination.

In connection with the Bridge Offering discussed in Note H, the Company will pay the Underwriters an additional cash fee of \$150,000 at the closing of a Business Combination. Should the Business Combination not close, the above fees will not be paid.

Pursuant to letter agreements with the Company and the Underwriter, the Founders have waived their rights to participate in any liquidation distribution occurring upon our failure to complete a Business Combination, with respect to those shares of common stock acquired by them prior to the Public Offering and with respect to the shares of common stock included in the 170,000 Units they purchased in the Private Placement.

The Founders will be entitled to registration rights with respect to their shares of common stock acquired prior to the Public Offering and the shares of common stock they purchased in the Private Placement pursuant to an agreement executed on March 3, 2006. The holders of the majority of these shares are entitled to make up to two demands that the Company register these shares at any time after the date on which the lock-up period expires. In addition, the Founders have certain “piggy-back” registration rights on registration statements filed subsequent to the anniversary of the effective date of the Public Offering.

The Company, from time to time, may enter into oral and or written understandings with entities (and supporting professionals for conducting due diligence) who potentially could refer or make introductions to potential target entities in various industry sectors in India and to conduct industry analysis or due diligence on potential target companies. Such arrangements typically require nominal amounts of retainer fees and expenses for services and success fees based upon successful completion of acquisitions resulting from such referrals. Fees for services and expenses incurred to date with such entities have been expensed in the accompanying financial statements.

In connection with our proposed acquisition of a majority interest in MBL Infrastructures Limited (“MBL”), an unaffiliated third party has claimed that it is entitled to a finder's fee of approximately five percent of the purchase price (or, \$1.75 million) for the acquisition if the acquisition was consummated. While we do not admit that the unaffiliated third party is a finder that is entitled to payment, we had expressed a willingness to pay our customary Finder's fee of 0.25%. The parties were attempting to reach an agreement on the amount of the fee to be paid if the acquisition was consummated. As the MBL acquisition is no longer probable, we expect that there will be no finders fees payable and the litigation to be without merit.

In connection with our proposed acquisition of a wind energy farm from Chiranjjevi Wind Energy Limited (“CWEL”), and our proposed acquisition of an interest in TBL (discussed in Note H below), we have agreed to pay a finder's fee of 0.25% of the purchase price to Master Aerospace Consultants (Pvt) Ltd, a consulting firm located in India. The fee is contingent on the consummation of the transaction.

NOTE H – INVESTMENT ACTIVITIES

MBL Infrastructure Limited Purchase Agreement

On February 5, 2007, the Company entered into an agreement to sell 425,000 warrants, described in Note I, 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 was due upon the earlier of February 5, 2008, or the consummation of a Business Combination. The Company is negotiating an extension with Oliveira Capital. If the Company extends the loan for 90 days without renegotiating an extension we would be required to issue an additional 425,000 warrants. The Black Scholes valuation of the warrants was based on an annualized volatility of 42.8%, an annual interest rate of 3% and an expiration of 1,500 days would be \$1,030,625. We computed volatility for a period of 1,500 days. For approximately the first two years, we used the trading history of two representative companies that are listed on the Indian Stock exchange. For approximately two years, the trading history of the Company's common stock was used. The average volatility of the combined data extending just over four years was calculated as 42.8%. Management believes that this volatility is a reasonable benchmark to use in estimating the value of the warrants. 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.

On 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 the Company 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 the Company's 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.

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.

In this quarter the Company determined that the MBL transaction is no longer probable and all previously deferred costs relating to the acquisition of MBL has been expensed in the current quarter.

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Contract Agreement between IGC, CWEL, AMTL and MAIL

As previously disclosed in our Form 8-K dated May 2, 2007 and Form 10-QSB for the quarterly period ended June 30, 2007, on April 29, 2007, the Company entered into a Contract Agreement Dated April 29, 2007 (“CWEL Purchase Agreement”) with CWEL, Arul Mariamman Textiles Limited (AMTL), and Marudhavel Industries Limited (MAIL), collectively CWEL. Pursuant to the CWEL Purchase Agreement, the Company or its subsidiary in Mauritius 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.

CWEL is a manufacturer and supplier of wind operated electricity generators, towers and turnkey implementers of wind energy farms.

On May 22, 2007, the Company made a down payment of approximately \$250,000 to CWEL. Pursuant to the First Amendment dated August 20, 2007 (as previously disclosed in the Company’s Form 8-K dated August 22, 2007), if the Company does not consummate the transaction with CWEL by March 31, 2008, approximately \$187,500 will be returned to the Company. The Acquisition is expected to be consummated in early 2008, following the required approval by the Company’s stockholders and the fulfillment of certain other conditions.

Share Subscription Cum Purchase Agreement with Sricon and The Promoters

As previously disclosed in our Form 8-K dated September 21, 2007 and Form 10-QSB for the quarterly period ended June 30, 2007, on September 21, 2007, the Company 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 “Sricon Promoters”), pursuant to which the Company or its subsidiary in Mauritius will acquire (the “Sricon Acquisition”) 4,041,676 newly-issued equity shares (the “New Sricon Shares”) directly from Sricon for approximately \$26 million and 351,840 equity shares from Mr. R. L. Srivastava for approximately \$3 million (both based on an exchange rate of INR 40 per USD) so that at the conclusion of the transactions contemplated by the Sricon Subscription Agreement the Company will own approximately 63% of the outstanding equity shares of Sricon.

Sricon 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. Sricon also engages in the BOT (i.e., build, own and transfer) segment of road building in which the government of India awards contracts to companies that can build out pieces of major highways, own and operate them for periods between 20 and 30 years and then transfer them back to the government.

The Sricon Acquisition is expected to be consummated in early 2008, assuming the required approval by the Company’s stockholders and the fulfillment of certain other conditions.

As previously disclosed in a Form 8-K dated December 19, 2007, on December 19, 2007 we entered into an Amendment to the Share Subscription Cum Purchase Agreement (“Amended Sricon Subscription Agreement”) dated September 15, 2007 with Sricon Infrastructure Private Limited (“Sricon”) and certain individuals (collectively, the “Promoters”). Pursuant to the Amendment, in order to secure the transaction and provide Sricon with a refundable down payment in a form consistent with Indian law, in advance of completing the Original Sricon Acquisition, we agreed to provide Sricon with a refundable down payment in a form consistent with Indian law, in advance of completing the business combination. The money is refundable by Sricon in the event certain conditions precedents, which include a vote by IGC shareholders for the consummation of the transaction, are not met. In the event that conditions precedent are met, including an affirmative vote by the IGC shareholders in favor of the consummation of the transaction, the Sricon Advance would be applied towards the purchase of shares of Sricon.

IGC agreed to advance INR 128,342,500 (approximately USD \$3,250,000 at current exchange rates) to Sricon towards the purchase of 503,620 (the "Sricon Portion of Subscription Shares") of the 4,041,676 Original Sricon Shares (constituting approximately 14.66% of the post issued paid up share capital of Sricon) offered pursuant to the Original Sricon Subscription Agreement.

Share Subscription Agreement with Techni Bharathi Limited & Share Purchase Agreement with Odeon Limited

As previously disclosed in our Form 8-K dated September 21, 2007 and Form 10-QSB for the quarterly period ended June 30, 2007, on September 21, 2007, the Company entered into a Share Subscription Agreement (the "TBL Subscription Agreement") dated as of September 16, 2007 with Techni Bharathi Limited ("TBL") and certain individuals (collectively, the "TBL Promoters"), pursuant to which the Company or one of its subsidiaries in Mauritius will acquire (the "TBL Acquisition") 7,150,000 newly-issued company stock for approximately \$9 million, 1,250,000 newly-issued convertible preference Shares for approximately \$2 million (both at an exchange rate of INR 40 per USD; collectively, the "New Shares") directly from TBL and 5,000,000 convertible preference shares from Odeon, a Singapore based holder of TBL securities, for approximately \$2 million. At the conclusion of the transactions contemplated by the TBL Subscription Agreement and by the Share Purchase Agreement between the Company and Odeon Limited, the Company will own approximately 77%, of the outstanding equity shares, assuming the convertible shares are converted.

TBL engages in road-building, with prior experience in the building of tunnels, canals, bridges, airport taxiways and dams as well as the civil works for mini hydro power generation. The TBL Acquisition is expected to be consummated in early 2008, after the required approval by the Company's stockholders and the fulfillment of certain other conditions.

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We have incurred \$233,189 of expenses through December 31, 2007 in connection with our proposed acquisitions, which is included as deferred acquisition costs in the accompanying balance sheet. The MBL deal costs have been expensed from this amount as the deal is no longer probable.

On October 2, 2007, one of our Founders extended a loan of \$250,000 to the Company on substantially the same terms as those described in Note E. On October 3, 2007, the Company made a refundable deposit of \$170,000 in connection with the TBL Subscription Agreement.

As previously disclosed in our Form 8-K dated December 19, 2007, on December 21, 2007, we entered into an Amendment to the Share Subscription Agreement (“Amended TBL Subscription Agreement”) dated September 16, 2007 with Techni Bharathi Limited (“TBL”) and certain individuals (collectively, the “Promoters”). Pursuant to the Amendment, in order to secure the transaction and provide TBL with a refundable down payment in a form consistent with Indian law, in advance of completing the Original TBL Acquisition, IGC, agreed to provide a deposit in the form of an advance (“TBL Advance”) towards the purchase of shares. The money is refundable by TBL in the event certain conditions precedent, which include a vote by IGC shareholders for the consummation of the transaction, are not met. In the event that the conditions precedent are met, including an affirmative vote by the IGC shareholders in favor of the consummation of the transaction, the TBL Advance would be applied towards the purchase of shares of TBL.

IGC agreed to advance up to INR 105,598,500 (approximately USD \$2,670,000 at current exchange rates) to TBL towards the purchase of 2,745,671 (the “TBL Portion of Subscription Shares”) of the 7,150,000 Original TBL Shares (constituting approximately 39.04% of the post issued paid up share capital of TBL) offered pursuant to the Original TBL Subscription Agreement.

Private Placement Offering of Secured Promissory Notes (the “Bridge Offering”)

A previously disclosed in our Form 8-K dated December 27, 2007, we conducted a private placement offering of secured promissory notes (the “Notes”) for an aggregate principal amount of up to \$7,275,000 (the “Bridge Offering”). The Notes bear interest at a rate equal to 5% per annum from the date of issuance until paid in full. Each Note is payable in full on the earlier of ten (10) business days following the consummation of a Business Combination or twelve months from the date of issuance of the Note. IGC can pre-pay the Notes at any time without penalty or premium. Except in the event of the consummation of a Business Combination, each investor shall not be entitled to repayment of its respective Note out of the Trust Account and each investor irrevocably and unconditionally waived any right, title or interest in or to any payment out of the Trust Account. Each Note is secured pursuant to a Pledge Agreement (the “Pledge Agreement”), by and among IGC and the investors under which IGC granted liens, on a pro rata basis to the investors, in shares of the capital stock of IGC’s wholly owned subsidiary, India Globalization Capital, Mauritius, Limited (IGC-M), which is the assignee of IGC’s acquisition agreements relating to the proposed business combinations with Sricon, TBL and Chiranjeevi Wind Energy Limited.

The Company also agreed to issue up to 754,953 shares of common stock to the holders of the Notes on a pro rata basis within ten business days following the consummation of a Business Combination that is approved by a majority of the IGC stockholders. Regardless of whether each of the Notes has been timely paid in full, each holder shall be entitled to the issuance of the shares of common stock should IGC enter into a Business Combination within twelve (12) months of the effective date of each of the respective Notes. If the Business Combination is not approved by a majority of the IGC stockholders or otherwise not consummated, IGC will have no obligation to issue shares of its common stock to the holders of the Notes.

On December 24, 2007, IGC consummated the initial closing of the Bridge Offering in the aggregate principal amount of \$5,300,000 (including \$4,300,000 from our Founders as described in Note E) and on January 10, 2008 we consummated a subsequent closing the aggregate principal amount of \$1,975,000. If there is a successful Business

Combination, the cost of the shares will be recorded as stock compensation expense at the time of the Business Combination based on the price of the company's stock at the time of issuance of the Notes. The stock compensation expense associated with the issuance of the shares will be approximately \$3,267,000 and \$1,209,000 for the issuance of the 550,000 and 204,953 shares respectively.

Stockholder Vote

The Company has called a Special Meeting of Stockholders for February 20, 2008 to consider and vote upon the Sricon and TBL Business Combinations described above. On February 8, 2008, the Company filed and began to mail its Definitive Proxy Statement on Schedule 14A containing detailed information concerning the proposed Business Combinations, as well as the other matters described therein.

NOTE I – VALUATION OF WARRANTS ISSUED TO OLIVEIRA CAPITAL, LLC

As previously disclosed, 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 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 risk-free interest rate of 4.8%. This amount is accounted for as a discount of the notes payable to Oliveira Capital, LLC. The amortization of this amount for the nine months ended December 31, 2007 was \$1,052,988.

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 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.

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NOTE J – SUBSEQUENT EVENTS

As discussed in Note H, on January 10, 2008 we consummated the second closing of the Bridge Offering in the aggregate principal amount of \$1,975,500.

As disclosed on our Form 8-K dated January 8, 2008, we entered into a letter agreement with Odeon and TBL extending the deadline of the closing of the Odeon Acquisition from January 31, 2008 to April 30, 2008.

ITEM 2. 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 on 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 and under the heading “Risk Factors” included in the Company’s Definitive Proxy Statement on Schedule 14A filed with the SEC on February 8, 2008 (the “Proxy Statement”). 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 (the “Public Offering”), our capital stock, debt or a combination of cash, capital stock or debt, to effect a Business Combination.

For the three and nine months ended December 31, 2007, we had net loss of (\$125,582) and (\$78,251), respectively, derived primarily from interest income related to cash held in our Trust Account (defined below), net of legal, interest expense, formation, travel, and other start-up and acquisition related costs. For the period from April 29, 2005 (inception) through December 31, 2007, we had net income of \$995,906, 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 three and nine months ended December 31, 2006, we had net income of \$344,036 and \$1,191,191, respectively, derived primarily from interest income related to the cash held in our Trust Account, net of formation

and other start-up costs.

Plan of Operation

As described in the Proxy Statement, we have identified the infrastructure sector including the road-building sector and the alternative energy sector as our initial target industry. On February 8, 2008, we filed and began mailing the Proxy Statement seeking stockholder approval for the acquisitions of Sricon Infrastructure Private Limited (“Sricon”) and Techni Bharathi Limited (“TBL”).

The net proceeds from the sale of the Units in our 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 has been deposited in the Trust Account.

We do not believe we will need additional financing to supplement the proceeds of our 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, although, as discussed elsewhere in this Report, we have raised additional financing to provide bridge financings to our pending acquisitions prior to their consummation. 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 for approximately 24 months, assuming that a Business Combination is not consummated during that time.

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To fund our purchase of a debenture in MBL, we entered into a note and warrant purchase agreement dated as of February 5, 2007 (the “MBL Warrant Agreement”) with Oliveira Capital, LLC (“Oliveira”) pursuant to which we sold Oliveira a Promissory Note (“Oliveira Note”) in the principal amount of \$3,000,000 and a warrant (the “Oliveira 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 Company has determined that the MBL transaction is no longer probable. The Oliveira Note bears interest at a rate of 8% per annum and was due and payable in full upon the earlier of February 5, 2008 and the date on which we consummate a Business Combination. The Company and Oliveira are negotiating an extension to the repayment beyond February 5, 2008 due date. If the Company extends the loan for 90 days without renegotiating an extension we would be required to issue an additional 425,000 warrants. The Black Scholes valuation of the warrants was based on an annualized volatility of 42.8%, an annual interest rate of 3% and an expiration of 1,500 days would be \$1,030,625. We computed volatility for a period of 1,500 days. For approximately the first two years, we used the trading history of two representative companies that are listed on the Indian Stock exchange. For approximately two years, the trading history of the Company’s common stock was used. The average volatility of the combined data extending just over four years was calculated as 42.8%. Management believes that this volatility is a reasonable benchmark to use in estimating the value of the warrants. The Oliveira 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 in connection with or following 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.

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 two pending transactions and we will seek to consummate these transactions in the coming months, subject to stockholder approval and other conditions. We have called a Special Meeting of Stockholders for February 20, 2008 for the purpose of approving these transactions, among other matters.

We have entered into a financial advisory agreement with Ferris, Baker Watts, Inc., 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, Inc. and SG Americas Securities, LLC will 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, Inc. and SG Americas Securities, LLC will 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 due diligence services that have been provided, and continue to be provided, by Ferris, Baker Watts, Inc. 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, Inc. 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, Inc. 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.

In addition to our advisory agreement with Ferris, Baker Watts, Inc. and SG Americas Securities, LLC, we have also engaged the services of several professional firms that specialize in due diligence, US GAAP 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. Further, 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 the foregoing relationships (i.e.,ELP and SJS Associates), we have not and do not anticipate paying our officers, directors, founding stockholders or any entity with which they are affiliated, any finder's fee, salary or similar compensation for services rendered to us prior to or in connection with the consummation of a Business Combination.

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Evaluation of target businesses

As outlined in our Proxy Statement, in evaluating prospective target businesses, our management will likely consider, among other factors, the following:

- financial condition, results of operation and repatriation regulations;
- growth potential both in India and growth potential outside of India;
- capital requirements;
- experience and skill of management and availability of additional personnel;
- competitive position;
- barriers to entry into the businesses' industries;
- potential for compliance with generally accepted accounting principles (GAAP), SEC regulations, Sarbanes-Oxley requirements and capital requirements;
- domestic and global competitive position and potential to compete in the U.S. and other markets;
- position within a sector and barriers to entry;
- stage of development of the products, processes or services;
- degree of current or potential market acceptance of the products, processes or services;
- proprietary features and degree of intellectual property or other protection of the products, processes or services;
- regulatory environment of the industry and the Indian government's policy towards the sector; and
- costs associated with effecting the Business Combination.

The above criteria are not intended to be exhaustive. In addition, our initial Business Combination must be with one or more operating businesses that, collectively, have a fair market value of at least 80% of our net assets (excluding any fees and expenses held in the trust account for the benefit of Ferris, Baker Watts, Inc.) at the time of the acquisition. Any evaluation relating to the merits of a particular Business Combination with one or more operating businesses will be based, to the extent relevant, on the above factors as well as other considerations deemed relevant by our management in carrying out a Business Combination consistent with our business objective. In evaluating prospective target businesses, we intend to conduct an extensive due diligence review that will encompass, among other things, meetings with incumbent management and inspection of facilities, as well as review of financial and other information that will be made available to us. Although our management intends to evaluate the risks inherent in a particular target business, we may not be able to properly ascertain or assess all significant risk factors.

Timing of a 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, which occurred on 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 workload 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.

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.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include without limitation, controls and procedures designed to ensure the information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding disclosure.

Our management, including our President and Chief Executive Officer, Ram Mukunda, along with our Treasurer, John C. Selvaraj, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2007. Based upon this review and evaluation, these officers believe that our disclosure controls and procedures were effective as of that date.

Our management, consisting of our President and Chief Executive Officer and our Treasurer, have reviewed and evaluated any changes in our internal control over financial reporting that occurred as of December 31, 2007 and there has been no change that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

On May 5, 2005, we issued 1,750,000 shares of common stock 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 Former Chief Financial Officer, Treasurer and |
| John Cherin | 250,000 | Director |

On June 20, 2005, we issued 750,000 shares of common stock 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)(2)(3) | Relationship to Us |
|-----------------------|---------------------------|----------------------------------|
| Parveen Mukunda | 425,000 | Chief Executive Officer's spouse |
| Sudhakar Shenoy | 37,500 | Director |
| 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) Representing shares issued to our officers, directors and Special Advisors in consideration of services rendered or to be rendered to us.
- (3) 200,000 of the 750,000 shares issued on June 20, 2005 were issued to former stockholders. On September 7, 2005, one former stockholder surrendered to the Company 62,500 shares, and on February 5, 2006, another former stockholder surrendered to the Company 137,500 shares. These 200,000 shares were reissued as set forth below.

On February 5, 2006, we reissued the 200,000 shares of common stock 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 | |

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Former Chief Financial Officer, Treasurer and
Director

Larry Pressler
P.G. Kakodkar
Sudhakar Shenoy
Suhail Nathani

25,000 Special Advisor
12,500 Special Advisor
12,500 Director
12,500 Director

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The private placement offerings described above were not registered in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D. Registration was not required because the shares were sold to officers and directors of the issuer, who qualify as “accredited investors,” as defined in Rule 501(a) of Regulation D, as well as other persons who qualify as accredited investors.

A majority of the holders of these shares are entitled to make up to two demands that we register these shares pursuant to an agreement between these stockholders and the Company. 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. After the Company receives the demand for registration, it will notify the other holders of these shares of their ability to include their shares in the registration. In addition, these stockholders have certain “piggy-back” registration rights on registration statements filed subsequent to such date. Piggyback registration rights allow these stockholders to include their shares in a registered offering proposed by the Company. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

These stockholders agreed to waive their 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 public offering and the 170,000 shares included in the units they 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 public offering. In addition, in connection with the vote required for our initial Business Combination, all of our existing 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 the public offering, in accordance with the majority of the shares of common stock voted by the public stockholders.

In addition to the foregoing private placement offerings, Ram Mukunda, John Cherin and Dr. Ranga Krishna purchased in the aggregate 170,000 units in the above-mentioned private placement offering immediately prior to the public offering, at a price equal to the price of the public offering, \$6.00 per unit. This private placement offering was not registered in reliance upon an exemption from registration under Section 4(2) of the Securities Act of 1933 and Rule 506 of Regulation D. Registration was not required because the shares were sold to officers and directors of the issuer, who qualify as “accredited investors,” as defined in Rule 501(a) of Regulation D. As mentioned above, these stockholders agreed to waive their respective rights to participate in any liquidation distribution occurring upon our failure to consummate a Business Combination with respect to the shares purchased in this private placement offering.

The units purchased by the founding stockholders were identical to the units issued in the initial public offering, consisting of one share of common stock and two warrants. Each warrant entitles the holder to purchase one share of common stock at an exercise price of \$5.00 commencing the later of the completion of a Business Combination or March 2, 2007 (one year from the effective date of the public offering), and expiring March 2, 2011 (five years from the effective date of the public offering). 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, either the holder will have to redeem the warrants by purchasing the common stock from us for \$5.00 or the warrants will expire. On June 30, 2007, 24,874,000 shares of common stock were reserved for issuance upon exercise of redeemable warrants, the Oliveira warrants and the underwriters’ purchase option.

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.

Reference is made to the aforementioned Form 8-Ks for further information regarding the Bridge Offering.

Registered Offering Use of Proceeds

The registration statement for the Company's initial public offering was declared effective March 2, 2006. On March 8, 2006, the Company sold 11,304,500 units ("Units") in the Public Offering, including the over-allotment option of 1,474,500 Units exercised by the underwriters of the public offering. Each Unit consists of one share of the Company's common stock, \$.0001 par value, and two redeemable common stock purchase warrants.

The following is a breakdown of Units registered and the Units sold in that offering:

| Amount Registered* | Aggregate price of the amount registered | Amount Sold | Aggregate price of the amount sold to date |
|--------------------|--|-------------|--|
| 11,304,500 Units | \$ 67,827,000 | 11,304,500 | \$ 67,827,000 |

* Includes the over-allotment option of 1,474,500 Units exercised by the underwriters of the public offering

After deducting offering expenses of approximately \$871,800 and underwriting discounts of approximately \$5,160,750, approximately \$61,794,450 of the aggregate proceeds from the public offering were deposited into the Trust Account at SunTrust Bank maintained by Continental Stock Transfer & Trust Company acting as trustee. Additionally, \$1,769,400 of the proceeds attributable to the underwriters' non-accountable expense allowance has been deposited in the Trust Account. The net proceeds from the 170,000 Units that were purchased in a private placement immediately prior to the public offering by our officers and directors were placed in the Trust Account, which they have agreed to forfeit if a Business Combination is not consummated. In addition, the proceeds from the loans from our Founders in the aggregate amount of \$870,000 were placed in the Trust Account. The loans will be repaid from the interest accrued on the amount in escrow, but will not be repaid from the principal in escrow.

As of March 31, 2007, the maximum amount of interest earned on the Trust Account of \$2,150,000 was transferred to the Company's operating account to pay for business, legal and accounting due diligence on prospective acquisitions and general and administrative expenses incurred by the Company prior to consummation of a Business Combination.

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Item 3. Defaults upon Senior Securities

None.

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

None.

Item 5. Other Information

There have been no material changes to the rights of our security holders during the period covered by this quarterly report.

Item 6. Exhibits

The following exhibits are included in this report:

- | | |
|------|--|
| 10.1 | First Amendment dated August 20, 2007 to Agreement dated April 29, 2007 between IGC, CWEL, AMTL and MAIL (incorporated by reference to the Company's Form 8-K dated August 20, 2007, filed as Exhibit 10.1 thereto). |
| 10.2 | Share Subscription Agreement dated September 16, 2007 by and among India Globalization Capital, Inc., Techni Bharathi Limited and the persons named as Promoters therein (incorporated by reference to the Company's Form 8-K dated September 21, 2007, filed as Exhibit 10.1 thereto). |
| 10.3 | Shareholders Agreement dated September 16, 2007 by and among India Globalization Capital, Inc., Techni Bharathi Limited and the persons named as Promoters therein (incorporated by reference to the Company's Form 8-K dated September 21, 2007, filed as Exhibit 10.2 thereto). |
| 10.4 | Share Purchase Agreement dated September 21, 2007 by and between India Globalization Capital, Inc. and Odeon Limited (incorporated by reference to the Company's Form 8-K dated September 21, 2007, filed as Exhibit 10.3 thereto). |
| 10.5 | Share Subscription Cum Purchase Agreement dated September 15, 2007 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein (incorporated by reference to the Company's Form 8-K dated September 21, 2007, filed as Exhibit 10.4 thereto). |
| 10.6 | Shareholders Agreement dated September 15, 2007 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein (incorporated by reference to the Company's Form 8-K dated |

September 21, 2007, filed as Exhibit 10.5 thereto).

- 10.7 Amendment to the Share Subscription Cum Purchase Agreement Dated September 15, 2007, entered into on December 19, 2007 by and among India Globalization Capital, Inc., Sricon Infrastructure Private Limited and the persons named as Promoters therein (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.1 thereto).
- 10.8 Amendment to the Share Subscription Agreement Dated September 16, 2007, entered into on December 21, 2007 by and among India Globalization Capital, Inc., Techni Bharathi Limited and the persons named as Promoters therein (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.2 thereto).
- 10.9 Note Purchase Agreement, effective as of December 24, 2007, by and among India Globalization Capital, Inc. and the persons named as Lenders therein (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.3 thereto).
- 10.9 Form of India Globalization Capital, Inc. Promissory Note (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.4 thereto).
- 10.10 Form of Registration Rights Agreement by and among India Globalization Capital, Inc. and the persons named as Investors therein (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.5 thereto).
- 10.11 Form of Pledge Agreement, effective as of December 24, 2007, by and among India Globalization Capital, Inc. and the persons named as Secured Parties therein (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.6 thereto).
- 10.12 Form of Lock up Letter Agreement, dated December 24, 2007 by and between India Globalization Capital, Inc. and Dr. Ranga Krishna (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.7 thereto).
- 10.13 Form of Letter Agreement, dated December 24, 2007, with Dr. Ranga Krishna (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.8 thereto).
- 10.14 Form of Letter Agreement, dated December 24, 2007, with Oliveira Capital, LLC (incorporated by reference to the Company's Form 8-K dated December 19, 2007, filed as Exhibit 10.9 thereto).
- 31.1 Certificate Pursuant to 17 CFR 240.13a-14(a).
- 31.2 Certificate Pursuant to 17 CFR 240.13a-14(a).
- 32.1 Certificate Pursuant to 18 U.S.C. § 1350.
- 32.2 Certificate Pursuant to 18 U.S.C. § 1350.

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