

India Globalization Capital, Inc.
Form PRE 14A
June 03, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

INDIA GLOBALIZATION CAPITAL, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Payment of Filing Fee (Check the appropriate box):

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

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

o Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

India Globalization Capital, Inc.
4336 Montgomery Avenue
Bethesda, MD, 20814
(301) 983-0998

June ____, 2008

To the Stockholders of India Globalization Capital, Inc.:

A Special Meeting of stockholders of India Globalization Capital, Inc. (“IGC”) will be held on Tuesday, July 15, 2008 at 10:00 a.m., Eastern Standard Time, at the offices of Seyfarth Shaw, LLP, 815 Connecticut Ave, N.W., Suite 500, Washington, D.C. 20006. You are cordially invited to attend.

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

- To approve an amendment to IGC’s 2008 Omnibus Incentive Plan (the “Plan”) to increase the number of shares authorized for issuance under the Plan from 300,000 to 1,300,000, to reduce the base number of outstanding shares used to calculate adjustments to the shares under the plan from 13,974,500 to 8,570,107 and to make additional clarifying changes to the Plan (the “Incentive Plan Proposal”).
 - To transact such other business as may properly come before the meeting.
- To approve any adjournments or postponements of the Special Meeting to a later date or dates, if necessary, for the purpose of soliciting additional proxies

The Notice of Special Meeting of Stockholders and a Proxy Statement, which describes the formal business to be conducted at the meeting, follow this letter.

Our board of directors has fixed the close of business on June 18, 2008 as the date for which our stockholders are entitled to receive notice of, and to vote at, our Special Meeting and any adjournments or postponements thereof. Only the holders of record of our common stock on that date are entitled to have their votes counted at our Special Meeting and any adjournments or postponements thereof.

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

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. Our board of directors unanimously recommends that you vote “FOR” the Incentive Plan Proposal.

YOUR VOTE IS IMPORTANT. WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING OR NOT, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD AS SOON AS POSSIBLE IN THE ENVELOPE PROVIDED. If you are a stockholder of record of our common stock, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares.

This proxy statement is dated June ____, 2008, and is first being mailed to IGC stockholders on or about June ____, 2008.

I look forward to seeing you at the meeting.

Sincerely,

Ram Mukunda
Chief Executive Officer

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India Globalization Capital, Inc.
4336 Montgomery Avenue
Bethesda, MD, 20814
(301) 983-0998

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held July 15, 2008

TO THE STOCKHOLDERS:

Please take notice that a Special Meeting of the stockholders of India Globalization Capital, Inc., a Delaware corporation (the "Company"), will be held on Tuesday, July 15, 2008, at 10:00 a.m., Eastern Standard Time, at the offices of Seyfarth Shaw, LLP, 815 Connecticut Ave, N.W., Suite 500, Washington, D.C. 20006, for the following purposes:

1. To consider and vote upon a proposal to amend the Company's 2008 Omnibus Incentive Plan (the "Plan") to increase the share reserve by 1,000,000 shares from 300,000 to 1,300,000 shares, to reduce the base number of outstanding shares used to calculate adjustments to the shares under the plan from 13,974,500 to 8,570,107 and to make additional clarifying changes to the Plan.
2. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on June 18, 2008, are entitled to notice of, and to vote at, this meeting and any adjournment or postponement thereof. For ten days prior to the meeting, a complete list of the stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose relating to the meeting during ordinary business hours at the principal office of the Company.

By order of the Board of Directors

/s/ RAM MUKUNDA
RAM MUKUNDA
Chief Executive Officer

Bethesda, Maryland
June __, 2008

STOCKHOLDERS ARE REQUESTED TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED POSTAGE-PREPAID ENVELOPE. PROXIES ARE REVOCABLE, AND ANY STOCKHOLDER MAY WITHDRAW HIS OR HER PROXY PRIOR TO THE TIME IT IS VOTED, OR BY ATTENDING THE MEETING AND VOTING IN PERSON.

PROXY STATEMENT FOR SPECIAL MEETING OF STOCKHOLDERS

Your execution of the accompanying proxy is solicited by the Board of Directors of India Globalization Capital, Inc. a Maryland corporation, for use at its Special Meeting of stockholders to be held on Tuesday, July 15, 2008, or any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Special Meeting of Stockholders. This proxy statement and the enclosed proxy are being mailed to stockholders on or about June ___, 2008.

SOLICITATION AND VOTING

Voting Securities. Only stockholders of record as of the close of business on June 18, 2008 will be entitled to vote at the meeting and any adjournment thereof. As of May 29, 2008, we had 8,570,107 shares of Common Stock outstanding, all of which are entitled to be voted with respect to all matters to be acted upon at the Special Meeting. Each stockholder of record as of that date is entitled to one vote for each share of Common Stock held by him or her. Our Bylaws provide that a majority of all of the shares of the stock entitled to vote, whether present in person or represented by proxy, shall constitute a quorum for the transaction of business at the meeting. Unless otherwise noted below, votes for and against, abstentions and “broker non-votes” will each be counted as present for purposes of determining the presence of a quorum.

Broker Non-Votes. A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in “street name”) but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the election of directors, increases in authorized common stock for general corporate purposes and ratification of auditors. Non-routine matters include amendments to stock plans.

Solicitation of Proxies. We will bear the cost of soliciting proxies. In addition to soliciting stockholders by mail through our employees, we will request banks, brokers and other custodians, nominees and fiduciaries to solicit customers for whom they hold our stock and will reimburse them for their reasonable, out-of-pocket costs. We may use the services of our officers, directors and others to solicit proxies, personally or by telephone, without additional compensation. We have also engaged Morrow & Co., LLC to solicit proxies on our behalf. We anticipate that Morrow’s fees will be approximately \$ 10,000.

Voting of Proxies. All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder’s choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal. A stockholder giving a proxy has the power to revoke his or her proxy at any time before it is exercised by delivering to the Secretary of India Globalization Capital a written instrument revoking the proxy or a duly executed proxy with a later date, or by attending the meeting and voting in person.

PROPOSAL NO. 1

APPROVAL OF AMENDMENT OF OMNIBUS INCENTIVE PLAN

At the Special Meeting, the stockholders will be asked to approve an amendment to the Company's Omnibus Incentive Plan ("Stock Plan") to do the following: (i) increase by 1,000,000 the maximum number of shares of Common Stock that may be issued under the Stock Plan from 300,000 to 1,300,000 shares, (ii) decrease from 13,974,500 to 8,570,107 the base number of shares used to determine the annual increase in the maximum number of shares of Common Stock that may be issued under the Stock Plan and (iii) to clarify the definition of "Plan Year" to mean the Company's fiscal year.

The Stock Plan was originally adopted by the Board of Directors in November 2007 and by the stockholders in March 2008. As of May 29, 2008, no options or awards had been granted under the Stock Plan, leaving 300,000 shares available for future grants under the Stock Plan. To enable the Company to continue to provide long-term equity incentives, the Board of Directors has amended the Stock Plan, subject to stockholder approval, to increase the maximum number of shares that may be issued under the Stock Plan by 1,000,000 shares to an aggregate of 1,300,000 shares and to decrease from 13,974,500 to 8,570,107 the base number of shares used to determine the annual increase in the maximum number of shares of Common Stock that may be issued under the Stock Plan (the "Base Number").

The Company's continued employment growth and need for highly qualified employees, combined with the increased competition for the limited supply of qualified personnel, make the Stock Plan essential to the Company's ability to recruit and retain its key employees. The Board of Directors believes that an adequate reserve of shares available for issuance under the Stock Plan is necessary to enable it to compete successfully with other companies to secure and retain valuable employees. The proposed amendments are intended to ensure that the Stock Plan will continue to be available with a reasonable number of shares to meet the Company's needs. One of the potential uses of the increase in shares is to provide additional equity compensation to Ram Mukunda, the Company's Chief Executive Officer. In March 2008 Mr. Mukunda agreed to transfer a 1,131,581 shares of Common Stock of the Company, amounting to approximately 2/3 of the shares owned by Mr. Mukunda and his wife Parveen (without taking the warrants held by Mr. Mukunda into account), to third parties 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 of a 63% equity interest in Sricon Infrastructures, Limited ("Sricon") and a 77% equity interest in Techni Bharathi Limited ("TBL"). While the compensation committee and the Board of Directors have not reached a final determination as to the number of options to be granted to Mr. Mukunda if the amendments to the Stock Plan are approved, we expect such grant to be between _____ and _____ options.

The change in the Base Number is a result of changes in the capitalization of the Company subsequent to the time the Stock Plan was initially approved. The 13,974,500 figure represented the number of shares of Common Stock of the Company outstanding at the time that the Company initially solicited stockholder approval for the Stock Plan. There are currently 8,570,107 shares of Common Stock outstanding.

Summary of the Provisions of the Stock Plan

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

In accordance with the terms of the Stock Plan, our board of directors has authorized our compensation committee to administer the Stock Plan. The compensation committee may delegate part of its authority and powers under the Stock

Plan to one or more of our directors and/or officers, but only the compensation committee can make awards to participants who are our directors or executive officers. In accordance with the provisions of the Stock Plan, our compensation committee will determine the terms of options and other awards, including:

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

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

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

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

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

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

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

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

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

Incentive Stock Options: Incentive stock options are intended to qualify for treatment under Section 422 of the Code. An incentive stock option does not result in taxable income to the optionee or

deduction to the company at the time it is granted or exercised, provided that no disposition is made by the optionee of the shares acquired pursuant to the option within two years after the date of grant of the option nor within one year after the date of issuance of shares the optionee (referred to as the "ISO holding period"). However, the difference between the fair market value of the shares on the date of exercise and the option price will be an item of tax preference includible in "alternative minimum taxable income." Upon disposition of the shares after the expiration of the ISO holding period, the optionee will generally recognize long term capital gain or loss based on the difference between the disposition proceeds and the option price paid for the shares. If the shares are disposed of prior to the expiration of the ISO holding period, the optionee generally will recognize taxable compensation, and we will have a corresponding deduction, in the year of the disposition, equal to the excess of the fair market value of the shares on the date of exercise of the option over the option price. Any additional gain realized on the disposition will normally constitute capital gain. If the amount realized upon such a disqualifying disposition is less than fair market value of the shares on the date of exercise, the amount of compensation income will be limited to the excess of the amount realized over the optionee's adjusted basis in the shares.

Non-Qualified Options:

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

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

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

Stock Grants:

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

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

PLAN BENEFITS

The Company did not issue any options under the Stock Plan during the fiscal year ended March 31, 2008. The granting of options is discretionary with the Board of Directors.

Vote Required and Board of Directors' Recommendation.

The affirmative vote of a majority of the votes present or represented by proxy and entitled to vote at the Special Meeting of stockholders, at which a quorum representing a majority of all outstanding shares of Common Stock of the Company is present and voting, either in person or by proxy, is required for approval of this proposal. Abstentions and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum. Abstentions will have the same effect as a negative vote on this proposal. "Broker non-votes," on the other hand, will have no effect on the outcome of this vote.

The Board of Directors believes that the proposed amendment of the Stock Plan is in the best interests of the Company and the stockholders for the reasons stated above. **THEREFORE, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THIS PROPOSAL TO AMEND THE OPTION PLAN.**

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

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

- all of our officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and does not necessarily indicate beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock over which the stockholder has sole or shared voting or investment power. It also includes shares of common stock that the stockholder has a right to acquire within 60 days through the exercise of any option, warrant or other right. The percentage ownership of the outstanding common stock, which is based upon 8,570,107 shares of common stock outstanding as of May 29, , 2008, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of our common stock.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. Unless otherwise noted, the nature of the ownership set forth in the table below is common stock of the Company.

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The table below sets forth as of December 31, 2007, except as noted in the footnotes to the table, certain information with respect to the beneficial ownership of the Company's Common Stock by (i) all persons known by the Company to be the beneficial owners of more than 5% of the outstanding Common Stock of the Company, (ii) each director and director-nominee of the Company, (iii) the executive officers named in the Summary Compensation Table, and (iv) all such executive officers and directors of the Company as a group.

Name and Address of Beneficial Owner(1)	Shares Owned	
	Number of Shares	Percentage of Class
Wachovia Corporation (2) One Wachovia Center Charlotte, North Carolina 28288-0137	1,650,977	19.26%
Brightline Capital Management, LLC (3) 1120 Avenue of the Americas, Suite 1505 New York, New York 10036	750,000	8.75%
Pine River Capital Management L.P. (4) 601 Carlson Parkway, Suite 330 Minnetonka, MN 55305	2,099,700	24.50%
Steven Michael Oliveira (5) 18 Fieldstone Court New City, NY 10956	3,348,093	33.62%
Ranga Krishna (6)	2,460,977	27.78%
Ram Mukunda (7)	1,775,002	20.55 %
Sudhakar Shenoy (8)	50,000	*
Suhail Nathani	50,000	*
Larry Pressler	25,000	*
P.G. Kakodkar	12,500	*