

India Globalization Capital, Inc.
Form DEF 14A
August 01, 2011

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

India Globalization Capital, Inc.
(Exact name of registrant as specified in its charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the 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 the transaction:

(5) Total fee paid:

- 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:

Copies of all communications to:

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India Globalization Capital Inc.
4336 Montgomery Avenue
Bethesda MD 20814

ANNUAL MEETING OF STOCKHOLDERS

August 1, 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of India Globalization Capital, Inc. (the “Company”), which is to be held at the offices of Shulman Rogers, Gandal, Pordy & Ecker, P.A., 12505 Park Potomac Avenue, 6th Floor, Potomac, MD 20854, on August 25, 2011 at 10:00 a.m. local time. The Annual Meeting will commence with a discussion and voting on the matters set forth in the accompanying Notice of Annual Meeting of Stockholders followed by a report on our operations.

The Notice of Annual Meeting of Stockholders and Proxy Statement, which more fully describe the formal business to be conducted at the Annual Meeting, follow this letter. A copy of our Annual Report to Stockholders for the fiscal year ended March 31, 2011 is also enclosed. We encourage you to carefully read these materials.

Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented and voted at the Annual Meeting. Therefore, I urge you to promptly vote and submit your proxy by signing, dating and returning your proxy card. Beneficial owners of shares held in street name should follow the instructions in the Proxy Statement for voting their shares. If you are a record holder and you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 25, 2011:

This Proxy Statement, the Notice of Annual Meeting of Stockholders and our Annual Report to Stockholders are available at <http://www.IndiaGlobalCap.com>

Sincerely,

Ram Mukunda
Chairman and Chief Executive Officer

India Globalization Capital Inc.
4336 Montgomery Avenue
Bethesda, MD 20814

NOTICE OF ANNUAL MEETINGS OF STOCKHOLDERS

The Annual Meeting of Stockholders (the “Annual Meeting”) for the year ended March 31, 2011 of India Globalization Capital, Inc. (the “Company”) will be held at the offices of Shulman Rogers, Gandal, Pordy & Ecker, P.A., 12505 Park Potomac Avenue, 6th Floor, Potomac, MD 20854, on August 25, 2011 at 10:00 a.m. local time. Voting materials, which include this Proxy Statement, the proxy card and our fiscal 2011 report to Stockholders, will first be mailed to Stockholders on or about August 1, 2011.

Stockholders who desire to attend the Annual Meeting should indicate such planned attendance by marking the appropriate box on your proxy card. Stockholders who do not indicate attendance at the Annual Meeting by proxy will be required to present acceptable proof of stock ownership to attend the Annual Meeting. All stockholders must furnish personal photo identification for admission to the Annual Meeting.

The Company will hold the Annual Meeting for the following purposes:

- (1) To elect Sudhakar Shenoy to the Company’s board of directors to hold office as a Class A director for a period to expire at the 2014 annual meeting of Stockholders.
- (2) To ratify the appointment of Yoganandh & Ram (“Y & R”), as the Company’s independent registered public accounting firm for the 2012 fiscal year.
- (3) To approve the issuance of up to 5,000,000 shares of our common stock, pursuant to that Note and Share Purchase Agreement entered into by the Company on March 24, 2011, to the Steven M. Oliveira 1998 Charitable Remainder Unitrust.
- (4) To effect an amendment to our Amended and Restated Articles of Incorporation to increase the authorized number of shares of our common stock from 75,000,000 shares to 150,000,000 shares of common stock.
- (5) To act upon such other matters as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

The foregoing items of business, including the nominee for director, are more fully described in the Proxy Statement, which is attached and made a part of this Notice.

Only holders of shares of common stock of record at the close of business on July 11, 2011 are entitled to notice of and to vote at the Annual Meeting and at any and all adjournments or postponements thereof.

By Order of the Board of Directors,

Parveen Mukunda
Corporate Secretary

August 1, 2011

INDIA GLOBALIZATION CAPITAL, INC.

PROXY STATEMENT

The board of directors of India Globalization Capital, Inc. (the “Board of Directors”) is soliciting proxies for the Annual Meeting. You may revoke your proxy at any time prior to voting at the Annual Meeting by submitting a later dated proxy or by giving timely written notice of your revocation to the Secretary of the Company. Proxies properly executed and received by the Secretary prior to the Annual Meeting, and not revoked, will be voted in accordance with the terms of the proxies.

Registered stockholders holding shares of the Company’s common stock may vote by completing, signing and dating the proxy card and returning it as promptly as possible. We, the Company, will pay all of the costs associated with this proxy solicitation. Proxies may be solicited in person or by mail, telephone, telefacsimile or other means of electronic transmission by our directors, officers and employees. We will also reimburse banks, brokerage firms, and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding materials to the beneficial owners of the shares of our common stock.

If you desire to attend the Annual Meeting, you should indicate your intent to attend in person when voting by marking the appropriate box on the enclosed proxy card. If you do not indicate attendance at the Annual Meeting on the proxy, you will be required to present acceptable proof of stock ownership to attend. All stockholders who attend the Annual Meeting must furnish personal photo identification for admission. If your shares are not registered in your own name and you plan to attend the Annual Meeting and vote your shares in person, you should contact your broker or agent in whose name your shares are registered to obtain a proxy executed in your favor and bring it to the Annual Meeting in order to vote.

VOTING RIGHTS

We had 20,960,433 shares of common stock outstanding as of July 11, 2011 each having one vote. Only holders of the Company’s common stock of record at the close of business on July 11, 2011 will be entitled to vote. A majority of the shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. If your shares are held in street name, these proxy materials are being forwarded to you by your bank or brokerage firm (the “record holder”), along with a voting instruction card. As the beneficial owner, you have the right to direct the record holder how to vote your shares, and the record holder is required to vote your shares in accordance with your instructions. If you do not give instructions to your bank or brokerage firm, it will nevertheless be entitled to vote your shares in its discretion on “routine matters.”

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 increases in authorized common stock for general corporate purposes and ratification of auditors. Non-routine matters include amendments to stock plans and the election of directors.

The election of directors in an uncontested election is deemed to be a non-routine matter. Accordingly, if you hold your shares in street name, in order for your shares to be voted for the election of directors at the Annual Meeting (Proposal One), you must provide voting instructions to your broker in accordance with the voting instruction card

that you will receive from your broker. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting for quorum purposes.

For purposes of this Annual Meeting, the Company has determined that the reappointment of its independent auditors (Proposal Two) is a routine matter under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal Two.

The authorization to issue additional shares in excess of 20% of our shares outstanding is deemed to be a non-routine matter. Accordingly, if you hold your shares in street name, in order for your shares to be voted for the authorization of this issuance at the Annual Meeting (Proposal Three), you must provide voting instructions to your broker in accordance with the voting instruction card that you will receive from your broker. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting for quorum purposes.

The authorization to increase the Company's authorized shares is deemed to be a non-routine matter. Accordingly, if you hold your shares in street name, in order for your shares to be voted for the authorization of the increase of authorized shares at the Annual Meeting (Proposal Four), you must provide voting instructions to your broker in accordance with the voting instruction card that you will receive from your broker. Proxies received but marked as abstentions or treated as broker non-votes will be included in the calculation of the number of shares considered to be present at the Annual Meeting for quorum purposes.

We are not aware of any matters that are to come before the Annual Meeting other than those described in this Proxy Statement; however, if other matters do properly come before the Annual Meeting, it is the intention of the persons named in the proxy card to vote such proxy in accordance with their best judgment.

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 InvestorCom to solicit proxies on our behalf. We anticipate that the fees to InvestorCom will be approximately \$4,000.

PROPOSAL ONE

ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes (Class A, Class B and Class C) with only one class of directors being elected in each year and each class serving a three-year term. At the Annual Meeting, one director is to be elected who will serve until the annual meeting of Stockholders in 2014 and when his successor is duly elected and qualified. The Class A director nominee proposed in this Proxy Statement is currently a director of the Company. The other Class A director seat, vacated on March 11, 2011 upon the resignation of Mr. Suhail Nathani as a member of the Board of Directors of the Company, shall remain vacant. As previously disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission ("SEC") on March 11, 2011, effective March 15, 2011, Mr. Nathani submitted his request to resign from the Board. Mr. Nathani was one of our two Class A directors and was to serve until this Annual Meeting.

The other current directors consist of two Class B directors, who will serve until the Annual Meeting of stockholders in 2012, and when their successors are duly elected and qualified and one Class C director, who will serve until the Annual Meeting of stockholders in 2012, and when his successor is duly elected and qualified.

Should any vacancy occur on the Board of Directors, the remaining directors would be able to fill such vacancy by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum. Any director elected by the board to fill a vacancy would hold office until the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualifies. If the size of the board is increased, additional directors will be apportioned among the three classes to make all classes as nearly equal as possible.

Set forth below is information regarding our nominee for Class A director. Except as set forth below, there are no family relationships between any of our directors or executive officers. Each director holds his office until he or she resigns or is removed and his or her successor is elected and qualified.

Name	Age	Position	Time in Position
Sudhakar Shenoy	64	Class A Director	May 2005 to the Present

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

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

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

Set forth below is information regarding our current Class B and Class C directors. Except as set forth below, there are no family relationships between any of our directors or executive officers. Each director holds his office until he or she resigns or is removed and his or her successor is elected and qualified.

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Name	Age	Position	Time in Position
Dr. Ranga Krishna	47	Chairman of the Board, Class B Director Chief Executive Officer, Executive	May 2005 to the Present
Mr. Ram Mukunda	52	Chairman, President and Class C Director	April 2005 to the Present
Mr. Richard Prins	54	Class B Director	2007 to Present

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

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

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

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

Mr. Ram Mukunda, IGC's Founder, has served as our Executive Chairman, Chief Executive Officer and President since our inception on April 29, 2005, and was Chairman of the Board from April 29, 2005 through December 15, 2005. Since July 2010, Mr. Mukunda has been on the board of directors of the BLA Power Private Limited Board, in Mumbai, India. From September 2004 through 2010, Mr. Mukunda served as Chief Executive Officer of Integrated Global Networks, LLC ("IGC"), a communications contractor in the U.S. Government.

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

From June 1987 to January 1990, Mr. Mukunda served as Strategic Planning Advisor at INTELSAT, a provider of satellite capacity. Mr. Mukunda serves on the Board of Visitors at the University of Maryland, School of Engineering. From 2001-2003, he was a Council Member at Harvard's Kennedy School of Government, Belfer Center

of Science and International Affairs. Mr. Mukunda is the recipient of several awards, including the University of Maryland's 2001 Distinguished Engineering Alumnus Award and the 1998 Ernst & Young, LLP's Entrepreneur of the Year Award. He holds B.S. degrees in electrical engineering and mathematics and a M.S. in Engineering from the University of Maryland.

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

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

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

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

Vote Required and Board of Directors Recommendation

The election of the nominee for director requires a plurality of the votes cast in the election of directors. Generally, the nominees for director receiving the highest number of affirmative votes from the shares voted at the Annual Meeting will be elected as directors. In this Annual Meeting, only one nominee for director will be elected so long as he receives a plurality of the votes cast in the election. In determining whether the proposal has been approved, abstentions will be counted for purposes of determining the presence or absence of a quorum, but will have no other legal effect under Maryland law, and broker non-votes will not be counted as votes for or against the proposal or as votes present and voting on the proposal.

Stockholders do not have the right to cumulate their votes in the election of directors. If, at the time of the Annual Meeting the nominee should be unavailable to serve as a director, it is intended that votes will be cast, in accordance with the enclosed proxy, for such substitute nominee as may be nominated by the Board of Directors, or the Board of Directors may reduce the number of directors. The nominee has consented to being named in this Proxy Statement and to serve if elected.

The Board of Directors recommends that the stockholders vote FOR the nominee set forth above. Properly executed and delivered proxies solicited by management for which no specific direction is included will be voted FOR the election of the nominee listed to serve as director.

PROPOSAL TWO

RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Yoganandh & Ram, independent registered public accountants, served as the Company's independent auditors reviewing the Company's financial statements for the fiscal year ended March 31, 2011, and the Audit Committee has selected them to serve as the Company's independent auditors for the current (2012) fiscal year. Services provided to the Company by Yoganandh & Ram for the 2011 fiscal year are described in "Audit Information."

Although stockholder ratification is not required by the Company's Bylaws or otherwise, the Board of Directors is requesting that stockholders ratify the selection of Yoganandh & Ram as the Company's independent registered public accountants to make an examination of the financial statements of the Company for the 2012 fiscal year. If stockholders do not ratify the selection of Yoganandh & Ram at the Annual Meeting, the audit committee will reconsider whether or not to retain that firm for future audits. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such change would be in the best interests of the Company and its stockholders.

Vote Required and Board of Directors Recommendation

The ratification of the appointment of Yoganandh & Ram, as the Company's independent registered public accountants for the 2012 fiscal year will require the affirmative vote of the holders of a majority of the shares of outstanding common stock present or represented at the Annual Meeting and entitled to vote thereat. In determining whether the proposal has been approved, abstentions will be counted as votes against the proposal and broker non-votes will not be counted as votes for or against the proposal or as votes present and voting on the proposal.

The Board of Directors recommends that you vote FOR the ratification of the appointment of Yoganandh & Ram as the Company's independent registered public accountants for the 2012 fiscal year. Proxies solicited by management for which no specific direction is included will be voted FOR ratification of the appointment of Yoganandh & Ram.

PROPOSAL THREE

ISSUANCE OF UP TO 5,000,000 SHARES OF COMMON STOCK TO A NOTEHOLDER

The Company is also asking its stockholders to approve the issuance of up to 5,000,000 shares of the Company's common stock to the Steven M. Oliveira 1998 Charitable Remainder Unitrust ("Oliveira") for the reasons set forth in this Proposal Three. On October 5, 2009, we issued 530,000 new shares of common stock to Oliveira, as partial consideration for the exchange of an outstanding promissory note for a new interest-free note of \$2.1 million with an extended due date of October 10, 2010. The value of the shares was \$911,600 or \$1.72 per share. We consummated this transaction in order to maintain our working capital and to extend the note by one year. We amortized the value of the shares of common stock over the life of the loan.

On March 24, 2011, pursuant to a Note and Share Purchase Agreement between the Company and Oliveira, the Company agreed with Oliveira to exchange the promissory note held by Oliveira for the new Unsecured Promissory Note (the "2011 Note") with an extended repayment term and provisions permitting the Company at its discretion to repay the Note through the issue of equity shares at a stated value over a specific term. As of March 31, 2011, the Company has issued 368,339 shares valued at \$216,042 to Oliveira. The 2011 Note provides for repayment of the \$2.1 million principal in twelve monthly installments of \$206,673 payable in funds or shares of common stock of the Company.

The issuance of shares of common stock and other transactions contemplated pursuant to the Note and Share Purchase Agreement was approved by the NYSE Amex Exchange. Effective before the date of the Note and Share Purchase Agreement, the Company had authority to issue up to 1,570,000 shares of common stock pursuant to the Note and Purchase Agreement but no more. In connection with issuing any shares beyond the 1,570,000 shares, NYSE Rule 312.03(c) requires prior shareholder approval if the listed company intends to issue common stock, or securities convertible or exercisable for common stock, in any transaction or series of transactions if: (a) the common stock to be issued has, or will have upon issuance, voting power equal to or in excess of 20 percent of the voting power outstanding before the issuance of such stock or of securities convertible into or exercisable for common stock; or (b) the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20 percent of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock.

The Company may wish to issue additional shares of the Company's common stock through March 2012, the maturity date of the Note, and seeks stockholder approval to do so. Approval of this Proposal Three would enable the Company in its discretion to preserve its cash resources by issuing additional shares of Common Stock to Oliveira throughout the twelve-month period following the Annual Meeting, without the need to seek additional stockholder approval. For this reason, stockholder approval is sought for the issuance of up to 5,000,000 additional shares of the Company's common stock to Oliveira, in the Company's discretion, to permit the Company to issue additional shares at a later date without requiring stockholder approval at the time of issuance.

If stockholder approval is granted, the Company may exclude the issue of these shares to Oliveira when calculating whether a future issue of shares or options will fall within the 20% limit under the FINRA Rule 4110(d)(3). This will have the same effect as if stockholder approval had been obtained before the Company issued the shares.

Vote Required and Board of Directors Recommendation

NYSE Rule 312.03 requires shareholder approval prior to the sale, issuance or potential issuance of a number of shares of the Company's common stock in a transaction other than a public offering which equals or exceeds 20% of the shares or voting power outstanding before the issuance, if the sale price of such stock is less than the greater of its book value or market value. The approval of the issuance of up to 5,000,000 shares of our common stock to Oliveira will require the affirmative vote of the holders of a majority of the shares of outstanding common stock present or represented at the Annual Meeting and entitled to vote thereat. In determining whether the proposal has been approved, abstentions will be counted as votes against the proposal and broker non-votes will not be counted as votes for or against the proposal or as votes present and voting on the proposal.

The Board of Directors recommends that you vote FOR the issuance of up to 5,000,000 shares of the Company's common stock to Oliveira. Proxies solicited by management for which no specific direction is included will be voted FOR the issuance of up to 5,000,000 shares of the Company's common stock to Oliveira.

PROPOSAL FOUR

INCREASE THE COMPANY'S AUTHORIZED SHARES OF COMMON STOCK TO 150,000,000 SHARES

General

The purpose of Proposal Four is to increase the authorized number of shares of our common stock from 75,000,000 shares of common stock with a par value of \$0.0001 per share to 150,000,000 shares of common stock with a par value of \$0.0001 per share, to be effective as of the date of filing a charter amendment with the Maryland State Department of Assessments and Taxation ("SDAT"), which date shall be determined by our Board of Directors (the "Amendment"). The number of issued and outstanding shares of common stock will not change as a result of the Amendment, if effected. We currently have 1,000,000 shares of preferred stock authorized and no shares of preferred stock outstanding. The number of authorized, issued and outstanding shares of our preferred stock will not change as a result of the Amendment, if effected.

Purposes of the Proposed Amendment

Our management and Board of Directors believe that the Amendment is necessary in order to ensure that we have sufficient shares of common stock to meet our existing obligations, as described in greater detail below, and to provide our company with additional authorized shares of common stock so that we would have the ability to issue shares from time to time as may be appropriate for proper business purposes, such as raising additional capital for ongoing operations, establishing strategic relationships, acquiring or investing in complementary businesses and providing equity incentives to employees.

Any future issuance of our common stock would remain subject to stockholder approval if required by law or the listing rules of the NYSE Amex.

Outstanding Shares and Existing Obligations to Issue Common Stock

As of July 11, 2011, we had 75,000,000 shares of common stock authorized, 20,960,433 shares of common stock outstanding and 15,755,982 shares of common stock reserved for issuance upon the exercise of outstanding options and warrants. If all of the Company's warrants and options issued and outstanding as of July 11, 2011 were exercised and converted, the Company would have 36,716,415 shares of common stock issued and outstanding.

Business Purposes

Our Board of Directors believes that an increase in our authorized shares of common stock is advisable because such increase will provide us with the flexibility to meet business needs as they arise and to take advantage of favorable opportunities. The increased number of shares available for issuance would give us the flexibility of using common stock to raise capital and/or as consideration in acquiring other businesses. Such acquisitions may be effected using shares of common stock or other securities convertible into common stock and/or by using capital that may need to be raised by selling such securities. The current number of available authorized shares of common stock limits our ability to effect acquisitions of businesses using shares of our common stock or issuing shares to raise capital to fund such acquisitions or for other purposes.

The increased number of shares available for issuance may also be used to facilitate public or private financings. If required operating funds cannot be generated by operations, we may need to, among other things, issue and sell unregistered common stock, or securities convertible into common stock, in private transactions. In the future, we

may sell common stock at prices less than the public trading price of the common stock at the time, and we may grant additional contractual rights to purchase the common stock not available to other holders of common stock, such as warrants to purchase additional shares of common stock or anti-dilution protections.

The increased number of shares available for issuance will also permit us to continue to award stock-based compensation as a viable part of the Company's compensation strategy.

Effects of Increase

The additional authorized but unissued shares of common stock may generally be issued from time to time for such proper corporate purposes as may be determined by our Board of Directors, without further action or authorization by our stockholders, except for some limited circumstances where stockholder approval is required by law or the listing standards of any stock exchange on which our common stock may be listed at such time. The possible future issuance of shares of equity securities consisting of common stock or securities convertible into common stock could affect our current stockholders in a number of ways. In general, the issuance of new shares of common stock will cause immediate dilution of the ownership interests of and the voting power of our existing stockholders, may affect the amount of dividends, if any, paid to such stockholders and may reduce the share of the proceeds of our company that they would receive upon the future liquidation, if any, of our company.

In addition, the future issuance of shares of equity securities could:

- dilute the market price of our common stock, to the extent that the shares of common stock are issued and sold at prices below current trading prices of the common stock, or if the issuance consists of equity securities convertible into common stock, to the extent that the securities provide for the conversion into common stock at prices that could be below current trading prices of the common stock;
- dilute the earnings per share, if any, and book value per share of the outstanding shares of common stock; and
 - make the payment of dividends on common stock, if any, potentially more expensive.

The flexibility given to our Board of Directors to issue additional shares of common stock could also enhance our ability to negotiate on behalf of our stockholders in a takeover situation and have an anti-takeover effect. The authorized but unissued shares of common stock could be used by our Board of Directors to discourage, delay or make more difficult a change in the control of our company. For example, such shares could be privately placed with purchasers who might align themselves with our Board of Directors in opposing a hostile takeover bid.

The issuance of additional shares could serve to dilute the stock ownership of persons seeking to obtain control and thereby increase the cost of acquiring a given percentage of the outstanding stock. Stockholders should be aware that approval of this Proposal Four could facilitate future efforts by our Board of Directors to deter or prevent changes in control of our company, including transactions in which the stockholders might otherwise receive a premium for their shares over then current market prices. The increase in our authorized common stock, however, is not being proposed in response to any effort of which we are aware to accumulate shares of our common stock or to obtain control of our Company.

The availability of additional shares of common stock is particularly important in the event that our Board of Directors needs to undertake any of the foregoing actions on an expedited basis and therefore needs to avoid the time (and expense) of seeking stockholder approval in connection with the contemplated action. A copy of the full text of the form of Charter Amendment is attached to this Proxy Statement as Appendix A.

Effective Date of the Amendment

If the Amendment is approved by our stockholders, the increase in our authorized number of shares of common stock will be effective as of the date of filing a charter amendment with the SDAT, which shall be determined by our Board of Directors, provided that such time and date is prior to March 31, 2012.

No Appraisal Rights

Neither Maryland law nor our Amended and Restated Articles of Incorporation or bylaws provide our stockholders with dissenters' or appraisal rights in connection with this Amendment.

Vote Required and Board of Directors Recommendation

The approval of the Amendment will require the affirmative vote of the holders of two-thirds (2/3) of the shares of outstanding common stock present or represented at the Annual Meeting and entitled to vote thereat. For purposes of the vote on the proposed Amendment, abstentions and broker non-votes will have the same effect as votes against the proposal.

The Board of Directors recommends that you vote FOR the Amendment to increase the authorized number of shares of our common stock to 150,000,000 shares. Proxies solicited by management for which no specific direction is included will be voted FOR the increase to the authorized number of shares to 150,000,000 to shares of the Company's common stock.

SECURITY OWNERSHIP OF BENEFICIAL OWNERS AND MANAGEMENT

Principal Stockholders