

India Globalization Capital, Inc.  
Form 10-Q  
November 13, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q  
\_\_\_\_\_

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended September 30, 2015
- Transition report under Section 13 or 15(d) of the Exchange Act of 1934

Commission file number 1-32830

INDIA GLOBALIZATION CAPITAL, INC.  
(Exact name of registrant 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  
(Address of principal executive offices)

20814  
(Zip Code)

(301) 983-0998  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) 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.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of November 3, 2015, there were approximately 16,340,243 shares of our common stock outstanding.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	All amounts in USD except share data	
	As of	
	30-Sept - 15 (unaudited)	31-March - 15 (audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 637,923	\$ 824,492
Accounts receivable, net of allowances	1,095,412	993,296
Inventories	390,262	709,649
Prepaid expenses and other current assets	1,423,840	1,950,295
Total current assets	\$ 3,547,437	\$ 4,477,732
Long-term assets:		
Goodwill	982,782	982,782
Intangible assets	283,688	306,131
Property, plant and equipment, net	7,258,899	7,784,447
Investments in affiliates	5,997,058	5,997,058
Investments-others	28,992	30,477
Deferred Income taxes	311,509	318,548
Other non-current assets	414,483	434,284
Total long-term assets	\$ 15,277,411	\$ 15,853,727
Total assets	\$ 18,824,848	\$ 20,331,459
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Short -term borrowings	510,909	1,280,356
Trade payables	167,078	174,584
Accrued expenses	197,989	422,252
Loans - others	166,236	73,707
Other current liabilities	243,046	496,985
Total current liabilities	\$ 1,285,258	\$ 2,447,884
Long-term liabilities:		
Long -term borrowings	294,650	323,904
Notes payable	2,135,000	1,800,000
Other non-current liabilities	1,016,227	1,009,889
Total long-term liabilities	\$ 3,445,877	\$ 3,133,793
Total liabilities	\$ 4,731,135	\$ 5,581,677
Stockholders' equity:		
Common stock — \$.0001 par value; 150,000,000 shares authorized; 14,766,333 issued and outstanding as of March 31, 2015 and 16,223,350 issued and outstanding as of September 30, 2015.	\$ 1,622	\$ 1,477
Additional paid-in capital	63,972,660	63,479,918
Accumulated other comprehensive income	(2,068,490 )	(1,913,585 )

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Retained earnings (Deficit)	(48,340,033 )	(47,333,955 )
Total equity attributable to parent	\$ 13,565,759	\$ 14,233,855
Non-controlling interest	\$ 527,954	\$ 515,927
Total stockholders' equity	\$ 14,093,713	\$ 14,749,782
Total liabilities and stockholders' equity	\$ 18,824,848	\$ 20,331,459

The accompanying notes should be read in connection with the financial statements.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	All amounts in USD except share data			
	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Revenues	\$2,055,585	\$2,117,816	\$3,914,394	\$2,881,680
Cost of revenues (excluding depreciation)	(1,889,598 )	(1,936,513 )	(3,544,367 )	(2,623,801 )
Selling, general and administrative expenses	(525,353 )	(791,428 )	(830,756 )	(1,869,114 )
Depreciation	(148,855 )	(155,154 )	(304,829 )	(304,043 )
Operating income (loss)	\$(508,221 )	\$(765,279 )	\$(765,558 )	\$(1,915,278 )
Interest expense	(66,768 )	(79,749 )	(128,682 )	(140,919 )
Interest income	(692 )	136	2	2,474
Other income, net	(64,671 )	(70,961 )	(99,728 )	(71,848 )
Income before income taxes and minority interest attributable to non-controlling interest	\$(640,352 )	\$(915,853 )	\$(993,966 )	\$(2,125,571 )
Income taxes benefit/ (expense)	-	-	-	-
Net income/(loss)	\$(640,352 )	\$(915,853 )	\$(993,966 )	\$(2,125,571 )
Non-controlling interests in earnings of subsidiaries	(16,979 )	(28,454 )	12,106	(20,165 )
Net income / (loss) attributable to common stockholders	\$(623,373 )	\$(887,399 )	\$(1,006,072 )	\$(2,105,406 )
Earnings/(loss) per share attributable to common stockholders:				
Basic	\$(0.04 )	\$(0.07 )	\$(0.07 )	\$(0.17 )
Diluted	\$(0.04 )	\$(0.07 )	\$(0.07 )	\$(0.17 )
Weighted-average number of shares used in computing earnings per share amounts:				
Basic	14,995,130	12,227,529	14,995,130	12,227,529
Diluted	14,995,130	12,227,529	14,995,130	12,227,529

The accompanying notes should be read in connection with the financial statements.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(Unaudited)

	Three months ended September 30, 2015			2014		
	IGC	Non-controlling interest	Total	IGC	Non-controlling interest	Total
Net income / (loss)	\$ (623,373 )	\$ (16,979 )	\$ (640,352 )	\$ (887,399 )	\$ (28,454 )	\$ (915,853 )
Foreign currency translation adjustments	(184,959 )	-	(184,959 )	125,573	-	125,573
Comprehensive income (loss)	\$ (808,332 )	\$ (16,979 )	\$ (825,311 )	\$ (761,826 )	\$ (28,454 )	\$ (790,280 )

	Six months ended September 30,					
	2015			2014		
	IGC	Non-controlling interest	Total	IGC	Non-controlling interest	Total
Net income / (loss)	\$ (1,006,072 )	\$ 12,106	\$ (993,966 )	\$ (2,105,406 )	\$ (20,165 )	\$ (2,125,571 )
Foreign currency translation adjustments	(154,905 )	-	(154,905 )	148,569	-	148,569
Comprehensive income (loss)	\$ (1,160,977 )	\$ 12,106	\$ (1,148,871 )	\$ (1,956,837 )	\$ (20,165 )	\$ (1,977,002 )

The accompanying notes should be read in connection with the financial statements.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Six months ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income (loss)	\$ (993,966)	\$ (2,125,571)
Adjustment to reconcile net income (loss) to net cash:		
Deferred taxes	-	-
Depreciation	304,829	304,043
Unrealized exchange losses/(gains)	116,124	78,055
Non-cash interest expenses	87,726	119,704
ESOP and other stock related expenses	99,000	341,127
IR and other shares	184,000	52,519
Changes in:		
Accounts receivable	(135,799)	(65,890)
Inventories	317,893	609,893
Prepaid expenses and other assets	297,446	(718,667)
Trade payables	207,141	165,472
Other current liabilities	(264,666)	324,187
Other non-current liabilities	13,250	(616,759)
Non-current assets	(1,379)	(1,703)
Accrued Expenses	(224,263)	(418,480)
Inter company balances	-	-
Net cash provided/(used) in operating activities	\$ 7,336	\$ (1,952,070)
Cash flow from investing activities:		
Purchase of property and equipment	(806)	(869,427)
Deposits towards acquisition (net of cash acquired)	-	165,340
Capital work in progress	47,388	
Net cash provided/(used) by investing activities	\$ 46,582	\$ (704,087)
Cash flows from financing activities:		
Issuance of equity stock	148,013	2,999,441
Net movement in short-term borrowings	(769,447)	-
Proceeds /(repayment) from long-term borrowing	(29,254)	-
Proceeds from loans	92,529	(138,906)
Proceeds from notes payable	309,050	-
Net cash provided/(used) by financing activities	\$ (249,109)	\$ 2,860,535
Effects of exchange rate changes on cash and cash equivalents	8,622	114,860
Net increase/(decrease) in cash and cash equivalents	(186,569)	319,238
Cash and cash equivalent at the beginning of the period	824,492	1,026,565
Cash and cash equivalent at the end of the period	\$ 637,923	\$ 1,345,803
Supplementary information:		
Cash paid for interest	\$ 40,956	\$ 21,215
Cash paid for taxes	\$ -	\$ -
Non-cash items:		



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Common stock issued for interest payment on notes payable	\$	61,776	\$	119,704
Common stock issued including ESOP, consultancy & IR		283,000	\$	393,646

The accompanying notes should be read in connection with the financial statements.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1 – OVERVIEW

a) Description of the Company

India Globalization Capital, Inc. (“IGC”) supplies electronic and health monitoring components to original equipment manufacturers (OEMs), and develops phytocannabinoid-based therapies for the treatment of conditions that are life altering or life threatening.

Since September, 2014, we have filed several provisional patents with the United States Patent and Trademark Office (“USPTO”) in the combination therapy space for the indications of pain, medical refractory epilepsy and cachexia as part of our intellectual property strategy focused on the health care industry. In September 2015, the U.S. Patent & Trademark Office notified IGC that its provisional patent application (Prov.62/050,864) based on a novel therapy that uses cannabinoid extracts for the treatment of pain was converted (PCT/US2015/050342), internally formulation IGC501. IGC is currently developing a nationwide brand by using this formulation as an anchor for the treatment of debilitating pain with administration via a topical cream. We intend to file the respective non-provisional patent applications within 12 months of the provisional patent applications. There is no guarantee that filing a provisional or a non-provisional patent application will result in a successful registration with the USPTO. We are also working on additional patent applications to keep building an intellectual property portfolio that will allow us to pursue our short, medium and long-term business strategies.

In addition, we build leading edge facilities that can be used to grow and extract pharmaceutical grade phytocannabinoids. We draw unique technological and cost synergies from our electronics and facilities construction business, and our international presence gives us a cost advantage in developing products using phytocannabinoids. As part of our legacy business, in India, we engage in leasing equipment to the construction and other industries. IGC is positioned in two of the world’s fastest growing industries -- phytocannabinoid-based biopharmaceuticals and the Internet of Things (“IoT”).

The Internet of Things is the network of physical objects or "things" embedded with electronics, software, sensors and connectivity to enable objects to exchange data with the manufacturer, operator and/or other connected devices. Phytocannabinoids are chemical compounds that exert a range of effects on the human body including, impacting the immune response, gastrointestinal maintenance and motility, muscle functioning, and nervous system response and functioning.

Our short-term plans are to develop, test and patent phytocannabinoid based pharmaceutical therapies, drive our electronics business through partnerships, and build leading edge facilities that can be used to grow and extract pharmaceutical grade phytocannabinoids. Our medium-term plans are to acquire companies or management that can help us advance our bio-pharmaceutical and our technology businesses. Our long-term plan is to establish IGC as a leading provider of phytocannabinoid based pharmaceutical and nutraceutical products.

We are a Maryland corporation formed in April 2005 for the purpose of acquiring one or more businesses with operations primarily in India through a merger, capital stock exchange, asset acquisition or other similar business combination. In March 2006, we completed an initial public offering of our common stock. In February 2007, we incorporated India Globalization Capital, Mauritius, Limited (“IGC-M”), a wholly-owned subsidiary, under the laws of Mauritius. In March 2008, we completed acquisitions of interests in two companies in India, Sricon Infrastructure Private Limited (“Sricon”) and Techni Bharathi Limited (“TBL”). Since March 31, 2013, we beneficially own 100% of

TBL after completing the acquisition of the remaining 23.13% of TBL shares that were still owned by the founders of TBL. The 23.13% of TBL was acquired by IGC-MPL, which is a wholly-owned subsidiary of IGC-M. TBL shares are held by IGC-M. TBL is focused on the heavy equipment leasing business. In October 2014, pursuant to a Memorandum of Settlement with Sricon and related parties, IGC received approximately five acres of land in Nagpur, India, valued at approximately \$5 million, in exchange for the 22% minority interest IGC had in Sricon.

In February 2009, IGC-M beneficially purchased 100% of IGC Mining and Trading Private Limited (“IGC-IMT”) based in Chennai, India. IGC-IMT was formed in December 2008, as a privately held start-up company engaged in the business of trading iron ore. Its current activity is to trade iron ore. In July 2009, IGC-M beneficially purchased 100% of IGC Materials, Private Limited (“IGC-MPL”) based in Nagpur, India, which conducts our quarrying business, and 100% of IGC Logistics, Private Limited (“IGC-LPL”) based in Nagpur, India, which is involved in the transport and delivery of ore, cement, aggregate and other materials. Together, these companies carry out our iron ore trading business in India.

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In December 2011, we acquired a 95% equity interest in Linxi HeFei Economic and Trade Co., known as Linxi H&F Economic and Trade Co., a People's Republic of China-based company ("PRC Ironman"), by acquiring 100% of the equity of H&F Ironman Limited, a Hong Kong company ("HK Ironman"). Together, PRC Ironman and HK Ironman are referred to as "Ironman." On February 2, 2015, IGC filed a lawsuit for the cancellation of shares that were issued to the shareholders of HK Ironman. The lawsuit is in the preliminary stages and is expected to settle by fiscal year 2017.

In January 21, 2013, we incorporated IGC HK Mining and Trading Limited ("IGC-HK") in Hong Kong. IGC-HK is a wholly-owned subsidiary of IGC-M. In September 2014, we changed the subsidiary's name to IGC Cleantech Ltd ("IGC-CT").

On May 31, 2014, we completed the acquisition of 51% of the issued and outstanding share capital of Golden Gate Electronics Limited, a corporation organized and existing under the laws of Hong Kong and now known as IGC International ("IGC-INT"). IGC-INT, headquartered in Hong Kong, operates an e-commerce platform for trading of commodities and electronic components. The purchase price of the acquisition consisted of up to 1,209,765 shares of our common stock, valued at approximately \$1,052,496 on the closing date of the acquisition.

On June 27, 2014, we entered into an agreement with TerraSphere Systems LLC to develop multiple facilities to produce organic leafy green vegetables utilizing TerraSphere's advanced pesticide-free organic indoor farming technology. Under the agreement, we will own 51% of each venture once production is operational, and will have a right of first refusal to participate in all future build-outs. We are required to make an investment in cash in the venture within 60 days after the date of the agreement. Additionally, in consideration for our issuance of 50,000 shares of common stock, we received a seven-year option to purchase TerraSphere Systems for cash or additional shares of our common stock. IGC is in the process of negotiating a return of the advance.

On December 18, 2014, we entered into a Purchase Agreement with Apogee Financial Investments, Inc. ("Apogee"), the previous sole owner of the outstanding membership interests of Midtown Partners & Co., LLC, a Florida limited liability company registered as a broker-dealer under the Securities Exchange Act of 1934 ("Midtown Partners"), and acquired, in an initial closing, 24.9% of the outstanding membership interests in Midtown Partners. In consideration of the initial membership interests, we are required to issue to Apogee 1,200,000 shares of our common stock (subject to downward adjustment based on certain fourth quarter 2014 financial statement matters). Following the receipt of all required SEC, FINRA and other regulatory approvals, we have agreed to acquire, in a final closing, the remaining 75.1% of the outstanding membership interests in Midtown Partners in consideration of our issuance to Apogee of an additional 700,000 shares of our common stock (subject to downward adjustment based on certain financial statement matters prior to the final closing). As of September 30, 2015, Apogee and Midtown Partners had not received the requisite approvals from FINRA. As a result, pursuant to the terms of the Agreement, there are several penalties that will apply, including the cancellation of 700,000 shares of IGC stock and a penalty of \$125,000 payable by Apogee to IGC. The parties are in the process of negotiating a settlement.

Unless the context requires otherwise, all references in this report to "IGC," "we," "our" and "us" refer to India Globalization Capital, Inc., together with our wholly-owned subsidiaries HK Ironman and IGC-M, as well as our direct and indirect subsidiaries PRC Ironman, TBL, IGC-IMT, IGC-MPL, IGC-LPL, IGC-INT and IGC-CT.

Our principal executive offices are located at 4336 Montgomery Avenue, Bethesda, Maryland 20814, and our telephone number is (301) 983-0998. We maintain a website at [www.igcinc.us](http://www.igcinc.us). The information contained on our website is not incorporated by reference in this report, and you should not consider it a part of this report.

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## b) List of subsidiaries with percentage holding

The operations of IGC are based in India, Hong Kong, China and the United States. The financial statements of the following subsidiaries have been considered for consolidation.

Subsidiaries	Immediate holding company	Country of Incorporation	Percentage of holding as of September 30, 2015	Percentage of holding as of March 31, 2015
H&F Ironman Limited ("HK Ironman") (1)	IGC	Hong Kong	100	100
Linxi H&F Economic and Trade Co. ("PRC Ironman") (3)	HK Ironman	Peoples' Republic of China	95	95
IGC – Mauritius ("IGC-M") (1)	IGC	Mauritius	100	100
Techni Bharathi Private Limited ("TBL") (2)	IGC-M	India	100	100
India Mining and Trading Private Limited ("IGC-IMT") (2)	IGC-M	India	100	100
IGC Materials Private Limited ("IGC-MPL")	IGC-M	India	100	100
IGC Logistic Private Limited ("IGC-LPL") (2)	IGC-M	India	100	100
IGC Cleantech Limited ("IGC-CT") (2)	IGC-M	Hong Kong	100	100
IGC International Limited ("IGC-INT") (4)	IGC	Hong Kong	51	0

(1) Wholly-owned by India Globalization Capital, Inc.

(2) Wholly-owned by India Globalization Capital, Mauritius, Limited.

(3) 95% owned by HK Ironman, which is India Globalization Capital, Inc.'s wholly-owned subsidiary.

(4) 51% owned by India Globalization Capital, Inc. Formerly Golden Gate Electronics Limited.

## NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

## a) Basis of preparation of financial statements

The Company has prepared the accompanying unaudited Condensed Consolidated Financial Statements ("Financial Statements") in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles ("GAAP") for complete financial statements. Therefore, the Financial Statements should be read in conjunction with the audited Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2015 filed with the SEC on July 14, 2015. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included in the Financial Statements. The results for interim periods do not necessarily

indicate the results that may be expected for any other interim period or for the full year. The significant accounting policies adopted by the Company, in respect of these consolidated financial statements, are set out below. The Company's current fiscal year ends on March 31, 2016.

b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries that are more than 50% owned and controlled. The financial statements of the parent company and its majority owned or controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances and transactions and resulting unrealized gain or loss. Operating results of companies acquired are included from the dates of acquisition.

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c) Non-controlling interests

Non-controlling interests in the Company's consolidated financial statements result from the accounting for non-controlling interests in its subsidiaries. Non-controlling interests represent the subsidiaries' earnings and components of other comprehensive income that are attributed to the non-controlling parties' equity interests. The Company consolidates the subsidiaries into its consolidated financial statements. Transactions between the Company and its subsidiaries have been eliminated in the consolidated financial statements.

The Company accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the investee but not control. In situations, such as the Company's ownership interest in Sricon Infrastructure Private Limited ("Sricon") and Midtown Partners & Co., LLC ("MTP"), wherein the Company is not able to exercise significant influence in spite of having 20% or more of the voting stock, the Company has accounted for the investment based on the cost method. In addition, the Company consolidates any Variable Interest Entity ("VIE") if it is determined to be the primary beneficiary. However, as of September 30, 2015, the Company does not have any interest in any VIE or equity method investment.

The non-controlling interest disclosed in the accompanying financial statements for the three and six-month period ended September 30, 2015 represents the non-controlling interest in Linxi H&F Economic and Trade Co. (PRC Ironman) through 100% owned subsidiary, H&F Ironman Limited (HK Ironman), and IGC International and the profits or losses associated with the non-controlling interest in those operations.

The adoption of Accounting Standards Codification (ASC) 810-10-65 "Consolidation — Transition and Open Effective Date Information" (previously referred to as SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements, an amendment of ARB No. 51"), has resulted in the reclassification of amounts previously attributable to minority interest (now referred to as non-controlling interest) to a separate component of shareholders' equity on the accompanying consolidated balance sheets and consolidated statements of shareholders' equity and comprehensive income (loss). Additionally, net income attributable to non-controlling interest is shown separately from net income in the consolidated statements of income. This reclassification had no effect on our previously reported financial position or results of operations.

d) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Management believes that the estimates and assumptions used in the preparation of the consolidated financial statements are prudent and reasonable. Significant estimates and assumptions are used for, but not limited to: allowance for uncollectible accounts receivable; future obligations under employee benefit plans; the useful lives of property, plant, equipment; intangible assets; the valuation of assets and liabilities acquired in a business combination; impairment of goodwill and investments; recoverability of advances; the valuation of options granted and warrants issued; and income tax and deferred tax valuation allowances. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Critical accounting estimates could change from period to period and could have a material impact on IGC's results, operations, financial position and cash flows.

Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

e) Foreign currency transactions

IGC operates in India, Hong Kong and China and a substantial portion of the Company's sales are denominated in INR, HKD and RMB, as of those respective operations. As a result, changes in the relative values of the U.S. dollar and INR, HKD or the RMB affect revenues and profits as the results are translated into U.S. dollars in the consolidated and pro forma financial statements.



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The accompanying financial statements are reported in U.S. dollars. The INR, HKD and the RMB are the functional currencies for the Company. The translation of the functional currencies into U.S. dollars is performed for assets and liabilities using the exchange rates in effect at the balance sheet date and for revenues, costs and expenses using average exchange rates prevailing during the reporting periods. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholders' equity. The exchange rates used for translation purposes are as follows:

Period	Period End Average Rate (P&L rate)			Period End Rate (Balance sheet rate)		
Three months ended September 30, 2014	INR	60.21	perUSD	INR	61.92	perUSD
	RMB	6.18	perUSD	RMB	6.14	perUSD
	HKD	7.75	perUSD	HKD	7.76	perUSD
Year ended March 31, 2015	INR	61.11	perUSD	INR	62.31	perUSD
	RMB	6.21	perUSD	RMB	6.20	perUSD
	HKD	7.80	perUSD	HKD	7.80	perUSD
Three months ended September 30, 2015	INR	65.15	perUSD	INR	65.50	perUSD
	RMB	6.29	perUSD	RMB	6.36	perUSD
	HKD	7.78	perUSD	HKD	7.75	perUSD

## f) Revenue recognition

The majority of the revenue recognized for the quarterly periods ended September 30, 2015 and 2014 was derived from the Company's subsidiaries, when all of the following criteria have been satisfied:

Revenue is recognized when persuasive evidence of an arrangement exists, the sales price is fixed or determinable and collectability is reasonably assured.

Revenue from sale of goods is recognized when substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

For the sale of goods, the timing of the transfer of substantial risks and rewards of ownership is based on the contract terms negotiated with the buyer, e.g., FOB or CIF. We consider the guidance provided under Staff Accounting Bulletin ("SAB") 104 in determining revenue from sales of goods. Considerations have been given to all four conditions for revenue recognition under that guidance. The four conditions are:

- Contract – Persuasive evidence of our arrangement with the customers;
- Delivery – Based on the terms of the contracts, the Company assesses whether the underlying goods have been delivered and therefore the risks and rewards of ownership are completely transferred;
- Fixed or determinable price – The Company enters into contracts where the price for the goods being sold is fixed and not contingent upon other factors.
- Collection is deemed probable – At the time of recognition of revenue, the Company makes an assessment of its ability to collect the receivable arising on the sale of the goods and determines that collection is probable.

Revenue for any sale is recognized only if all of the four conditions set forth above are met. The Company assesses these criteria at the time of each sale. In the absence of meeting any of the criteria set out above, the Company defers revenue recognition until all of the four conditions are met.

Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognized as follows:

- (a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer and expected to be realized.

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(b) Fixed price contracts: Contract revenue is recognized using the percentage completion method and the percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost. Changes in estimates for revenues, costs to complete, and profit margins are recognized in the period in which they are reasonably determinable.

- In many of the fixed price contracts entered into by the Company, significant expenses are incurred in the mobilization stage in the early stages of the contract. The expenses include those that are incurred in the transportation of machinery, erection of heavy machinery, clearing of the campsite, workshop ground cost, overheads, etc. All such costs are booked to deferred expenses and written off over the period in proportion to revenues earned.
- Where the modifications of the original contract are such that they effectively add to the existing scope of the contract, the same are treated as a change orders. On the other hand, where the modifications are such that they change or add an altogether new scope, these are accounted for as a separate new contract. The Company adjusts contract revenue and costs in connection with change orders only when both, the customer and the Company with respect to both the scope and invoicing and payment terms, approve them.
- In the event of claims in our percentage of completion contracts, the additional contract revenue relating to claims is only accounted after the proper award of the claim by the competent authority. The contract claims are considered in the percentage of completion only after the proper award of the claim by the competent authority.

Full provision is made for any loss in the period in which it is foreseen.

Revenue from service related activities and miscellaneous other contracts are recognized when the service is rendered using the proportionate completion method or completed service contract method.

### g) Accounts receivable

Accounts receivable from customers in the electronics business are recorded at the invoiced amount, taking into consideration any adjustments made for returns. Also, the Company evaluates the collectability of selected accounts receivable on a case-by-case basis and makes adjustments to the bad debt reserve for expected losses. For all other accounts, the Company estimates reserves for bad debts based on general aging, experience and past-due status of the accounts. When applicable, the Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of clients to make required payments. The allowance for doubtful accounts is determined by evaluating the relative credit worthiness of each client, historical collections experience and other information, including the aging of the receivables. If circumstances related to customers change, estimates of recoverability would be further adjusted.

Regarding our collection policy on electronics trading receivables, there are three types of trades: (1) payment guaranteed through letters of credit, (2) deposit or spot payment on delivery or (3) delivery on credit. With the first type of trade: our policy for collection is to ask the customer to open a letter of credit with a bank. The typical terms of the letter of credit are that 100% of the payment is made when the material is shipped. With the second type of trade, customers pay on delivery. On the third type of trade, our policy is to allow the customer to have a payment credit term of 90 days.

### h) Inventories

We provide for inventory obsolescence, excess inventory and inventories with carrying values in excess of market values based on our assessment of the future demands, market conditions and our specific inventory management

procedures. If market conditions and actual demands are less favorable than our estimates, additional inventory write-downs may be required. In all cases, inventory is carried at the lower of historical cost or market value.

i) Investments

Investments are initially measured at cost, which is the fair value of the consideration given for them, including transaction costs. The Company's equity in the earnings/(losses) of affiliates is included in the statement of income and the Company's share of net assets of affiliates is included in the balance sheet. Where the Company's ownership interest in spite of being in excess of 20% is not sufficient to exercise significant influence, the Company has accounted for the investment based on the cost method, as is the case of Midtown Partners & Co., LLC ("MTP").

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## j) Property, Plant and Equipment (PP&amp;E)

Property and equipment are recorded at cost net of accumulated depreciation and depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Buildings	5-25 years
Plant and machinery	10-20 years
Computer equipment	3-5 years
Office equipment	3-5 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years

Upon retirement or disposition, cost and related accumulated depreciation of the property and equipment are de-recognized from the books of accounts and the gain or loss is reflected in the results of operation. Cost of additions and substantial improvements to property and equipment are capitalized in the books of accounts. The cost of maintenance and repairs of the property and equipment are charged to operating expenses as incurred.

## k) Impairment of long – lived assets

The Company reviews its long-lived assets, with finite lives, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings, future anticipated cash flows, business plans and material adverse changes in the economic climate, such as changes in operating environment, competitive information and impact of changes in government policies. For assets that the Company intends to hold for use, if the total of the expected future undiscounted cash flows produced by the assets or subsidiary company is less than the carrying amount of the assets, a loss is recognized for the difference between the fair value and carrying value of the assets. For assets the Company intends to dispose of by sale, a loss is recognized for the amount by which the estimated fair value less cost to sell is less than the carrying value of the assets. Fair value is determined based on quoted market prices, if available, or other valuation techniques including discounted future net cash flows.

## l) Earnings per common share

Basic earnings per share is computed by dividing net income/(loss) applicable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the additional dilution from all potentially dilutive securities such as stock warrants and options.

## m) Income taxes

The Company accounts for income taxes under the asset and liability method, in accordance with ASC 740, Income Taxes, which requires an entity to recognize deferred tax liabilities and assets. Deferred tax assets and liabilities are recognized for the future tax consequence attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the enacted tax rate expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. A valuation allowance is established and recorded when management determines that some or all of the deferred tax assets are not likely to be realized and therefore, it is necessary to reduce deferred tax assets to the amount expected to be realized.

In evaluating a tax position for recognition, management evaluates whether it is more-likely-than-not that a position will be sustained upon examination, including resolution of related appeals or litigation processes, based on technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold, the tax position is measured and recognized in the Company's financial statements as the largest amount of tax benefit that, in management's judgment, is greater than 50% likely of being realized upon settlement. As of September 30, 2015 and 2014, there was no significant liability for income tax associated with unrecognized tax benefits.

The issuance by IGC of its common stock to (1) HK Ironman stockholders in exchange for HK Ironman stock; to (2) Golden Gate Electronics Ltd ("GG") in exchange for GG stock; and to (3) Apogee Financial in exchange for Midtown Partners stock, as contemplated by the respective stock purchase agreements between the Company and HK Ironman, PRC Ironman and their stockholders; between the Company and Golden Gate Electronics Ltd and its stockholders; and between the Company and Apogee Financial and their stockholders, generally will not be taxable transactions to U.S. holders for U.S. federal income tax purposes. It is expected that IGC and its stockholders will not recognize any gain or loss because of the approval of the shares for U.S. federal income tax purposes.

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n) Cash and cash equivalents

For financial statement purposes, the Company considers all highly liquid debt instruments with maturity of three months or less, to be cash equivalents. The Company maintains its cash in bank accounts in the United States of America, Mauritius, India, and Hong Kong, which at times may exceed applicable insurance limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalent. The Company does not invest its cash in securities that have an exposure to U.S. mortgages.

o) Restricted cash

Restricted cash consists of deposits pledged to various government authorities and deposits used as collateral with banks for guarantees and letters of credit, given by the Company to its customers or vendors.

p) Fair value of financial instruments

As of September 30, 2015 and March 31, 2015, the carrying amounts of the Company's financial instruments, which included cash and cash equivalents, accounts receivable, unbilled accounts receivable, restricted cash, accounts payable, accrued employee compensation and benefits and other accrued expenses, approximate their fair values due to the nature of the items.

q) Concentration of credit risk and significant customers

Financial instruments, which potentially expose the Company to concentrations of credit risk, are primarily comprised of cash and cash equivalents, investments, derivatives, accounts receivable and unbilled accounts receivable. The Company places its cash, investments and derivatives in highly rated financial institutions. The Company adheres to a formal investment policy with the primary objective of preservation of principal, which contains credit rating minimums and diversification requirements. Management believes its credit policies reflect normal industry terms and business risk. The Company does not anticipate non-performance by the counterparties and, accordingly, does not require collateral.

During this quarter, sales were spread across many customers in Hong Kong, China and India, and therefore the credit concentration risk is low.

r) Left intentionally blank.

s) Business combination

In accordance with ASC Topic 805, Business Combinations, the Company uses the purchase method of accounting for all business combinations consummated after June 30, 2001. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in ASC Topic 805. Any purchase price allocated to an assembled workforce is not accounted separately.

t) Employee benefits plan

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. In addition, all employees receive benefits from a provident

fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. The contribution is made to the Government's provident fund.

At this time, the Company does not participate in a multi-employer defined contribution plan in China to provide employees with certain retirement, medical and other fringe benefits because most of the Company's workers are contractors employed through agencies or other companies. In the United States, we provide health insurance, life insurance and 401-K benefits. The Company makes a 401-K matching contribution up to 3% of the employee's annual salary.

u) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.



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v) Accounting for goodwill and related impairment

Goodwill represents the excess cost of an acquisition over the fair value of our share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is disclosed separately. Goodwill is stated at cost less impairment losses incurred, if any.

The Company adopted the provisions of ASC 350, "Intangibles – Goodwill and Others" (previously referred to as SFAS No. 142, "Goodwill and Other Intangible Assets," which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. ASC 350 requires that goodwill and indefinite-lived intangible assets be allocated to the reporting unit level, which the Company defines as each subsidiary. ASC 350 also prohibits the amortization of goodwill and indefinite-lived intangible assets upon adoption, but requires that they be tested for impairment at least annually, or more frequently as warranted, at the reporting unit level.

Pursuant to ASC 350-20-35-4 through 35-19, the impairment testing of goodwill is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test, used to measure the amount of impairment loss, compares the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill shall be its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited once the measurement of that loss is completed.

In ASC 350.20.20, a reporting unit is defined as an operating segment or one level below the operating segment. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. The Company has determined that it operates in a single operating segment. While the Company's Chief Executive Officer reviews the consolidated financial information for the purposes of decisions relating to resource allocation, the Company's Chief Financial Officer, on an as-needed basis, looks at the financial statements of the individual legal entities in India for the limited purpose of consolidation. Given the existence of discrete financial statements at an individual entity level in India, the Company believes that each of these entities constitute a separate reporting unit under a single operating segment.

Therefore, the first step in the impairment testing for goodwill is the identification of reporting units and the allocation of goodwill to these reporting units. Accordingly, IGC International, which is one of the legal entities, is also considered a separate reporting unit and therefore the Company believes that the assessment of goodwill impairment at the subsidiary level, which is also a reporting unit, is appropriate.

The analysis of fair value is based on the estimate of the recoverable value of the underlying assets. For long-lived assets such as land, the Company obtains appraisals from independent professional appraisers to determine the recoverable value. For other assets such as receivables, the recoverable value is determined based on an assessment of the collectability and any potential losses due to default by the counter parties. Unlike goodwill, long-lived assets are assessed for impairment only where there are any specific indicators for impairment.

w) Reclassifications

None

x) Recently issued and adopted accounting pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of accounting standards updates (“ASUs”) to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. Newly issued ASUs not listed below are expected to have no impact on the Company’s consolidated financial position and results of operations, because either the ASU is not applicable or the impact is expected to be immaterial.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which is intended to improve certain areas of consolidation guidance for legal entities such as limited partnerships, limited liability companies, and securitization structures. The ASU will reduce the number of consolidation models. The ASU will be effective on January 1, 2016. Early adoption is permitted, including adoption in an interim period. The Company is evaluating the effect that ASU 2015-02 will have on its Consolidated Financial Statements.

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In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its financial statements.

In April 2014, the FASB issued ASU 2014-08 “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.” ASU 2014-08 provides a narrower definition of discontinued operations than under previous U.S. GAAP. ASU 2014-08 requires that a disposal of components of an entity (or groups of components) be reported as discontinued operations if the disposal represents a strategic shift that will have a major effect on the reporting entity’s operations and financial results. ASU 2014-08 is effective prospectively for disposals (or classifications of businesses as held-for-sale) of components of an entity that occur in annual or interim periods beginning after December 15, 2014.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable, net of allowances, amounted to \$1.10 million and \$0.99 million, as of September 30, 2015 and March 31, 2015, respectively. The accounts receivable net of reserves as of September 30, 2015 comes primarily from the rental of heavy construction equipment and trading of electronic components. Presently, the accounts receivable from TBL amount to \$456,415 and from IGC-INT amount to \$571,682. The Company maintains an allowance for doubtful accounts based on present and prospective financial condition of the customer and their inherent credit risk.

**NOTE 4 – OTHER CURRENT AND NON-CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:

	As of Sept 30, 2015	As of March 31, 2015
Prepaid /preliminary expenses	\$ 7,583	\$ 1,070
Advance to suppliers & services	380,567	900,864
Security/statutory advances	30,069	18,528
Advances to employees	956,147	978,142
Prepaid /accrued interest	1,034	2,149
Deposit and other current assets	48,440	49,542
<b>Total</b>	<b>\$ 1,423,840</b>	<b>\$ 1,950,295</b>

\* Advances to Employees represent advances made to employees of Ironman by Ironman, prior to its acquisition by IGC.

Other non-current assets consist of the following:

	As of Sept 30, 2015	As of March 31, 2015
Statutory/Other advances	\$ 414,483	\$ 434,284

Total \$ 414,483 \$ 434,284

On May 21, 2012, TBL entered into an agreement with Weave & Weave for the purchase of land value \$640,000. TBL gave Weave and Weave an advance of USD 393,195. As of the date of this filing, the parties are in the process of negotiating a settlement that includes the purchase and sale of land as well as the refund of the advance given by TBL.

#### NOTE 5 – INTANGIBLE ASSETS AND GOODWILL

The movement in intangible assets and goodwill is given below.

	As of Sept 30, 2015	As of March 31, 2015
Intangible assets at the beginning of the period	\$ 306,131	\$ 468,091
Goodwill of IGC International Ltd	982,782	982,782
Amortization/Impairment of goodwill	-	(164,704 )
Effect of foreign exchange translation	(22,443 )	2,744
Total	\$ 1,266,470	\$ 1,288,913

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## NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Category	Useful Life (years)	As of Sept 30, 2015	As of March 31, 2015
Land	N/A	\$ 12,069	\$ 12,069
Building (flat)	25	1,258,049	1,295,420
Plant and machinery	20	8,987,487	9,179,482
Computer equipment	3	289,913	286,329
Office equipment	5	163,468	163,974
Furniture and fixtures	5	141,744	142,911
Vehicles	5	528,997	534,327
Assets under construction	N/A	4,772,748	4,927,271
<b>Total</b>		<b>\$ 16,154,475</b>	<b>\$ 16,541,783</b>
Less: Accumulated depreciation		\$ (8,895,576 )	\$ (8,757,336 )
<b>Net Assets</b>		<b>\$ 7,258,899</b>	<b>\$ 7,784,447</b>

Depreciation and amortization expense for the six months ended September 30, 2015 and 2014 was \$304,829 and \$304,043, respectively. Capital work-in-progress represents advances paid towards the acquisition of property and equipment and the cost of property and equipment not put to use before the balance sheet date.

## NOTE 7 – INVESTMENTS – OTHERS

Investments – others for each of the periods ended September 30, 2015 and March 31, 2015 consisted of the following:

	As of Sept 30, 2015	As of March 31, 2015
Investment in equity shares of an unlisted company	\$ 28,992	\$ 30,477
<b>Total</b>	<b>\$ 28,992</b>	<b>\$ 30,477</b>

## NOTE 8 – SHORT-TERM AND LONG-TERM BORROWINGS

IGC-INT maintains banking facilities such as bank overdrafts and long term borrowing with multiple banks in Hong Kong. The total outstanding balance of such facilities as of September 30, 2015 was \$805,559 disclosed under short term borrowing and long term borrowing for \$510,909, and \$294,650, respectively. The average interest rate on such facilities is 5% per annum. The facilities have been utilized to meet the working capital requirements of IGC-INT. Such facilities are primarily secured by the accounts receivable and inventory of IGC-INT and additionally secured by the Guarantee given by Hong Kong Mortgage Corporation Limited under the SME Financing Guarantee Scheme and the personal guarantee of our CEO and Sunny Tsang, the managing director and founder of IGC-INT.

## NOTE 9 – OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities consist of the following:

As of Sept 30,

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	2015	As of March 31, 2015
Statutory payables	\$ 10,478	\$ 9,338
Employee related liabilities	232,568	487,647
Other liabilities /expenses payable	-	-
Total	\$ 243,046	\$ 496,985

Other non-current liabilities consist of the following:

	As of Sept 30, 2015	As of March 31, 2015
Creditors	\$ 142,656	\$ 136,318
Acquisition related liabilities	873,571	873,571
Total	\$ 1,016,227	\$ 1,009,889

Sundry creditors consist primarily of creditors to whom amounts are due for supplies and materials received in the normal course of business.

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NOTE 10 – RELATED PARTY TRANSACTIONS

As of September 30, 2015, the Company has an unpaid balance of \$95,808 payable to our CEO. The balance includes unpaid salary and interest-free advances made by the CEO.

We pay IGN, LLC, an affiliate of Mr. Mukunda, \$4,000 per month for office space and certain general and administrative services. We believe, based on rents and fees for similar services in the Washington, D.C. metropolitan area, that the fee charged by IGN LLC is at least as favorable as we could have obtained from an unaffiliated third party. The agreement is on a month-to-month basis and may be terminated by either IGN or the IGC Board of Directors in writing at any time without notice.

NOTE 11 – NOTES PAYABLE AND LOANS – OTHERS

The Company has an unsecured Note Payable to Bricoleur Partners, L.P. in the amount of \$1,800,000 (“2012 Security”), currently due July 31, 2016. Up to July 2014, the Company was making monthly interest payments of 17,100 shares of common stock. Starting on August 2014 and as per Amendment No. 2 to the 2012 Security, the Company started making a monthly interest payment of 23,489 shares of common stock. No other "interest" payment is made on the loan. During the quarter ended September 30, 2015, the Company issued a total of 70,467 shares valued at \$20,670 to this debt holder, which constituted an element of repayment of interest. The Company issued a Convertible Promissory Note (the "Convertible Note") to River North Equity, LLC for \$335,000 on April 20, 2015. The Convertible Note has a 4% annual interest rate and matures in 12 months from the date of closing with a 6-month convert feature. One of our previous directors has loaned the Company, on an unsecured basis, working capital of \$40,000 at 10% annual interest payable on April 25, 2016.

NOTE 12 – COMMITMENTS AND CONTINGENCY

No significant contingencies or commitments were incurred or made during the three months ended September 30, 2015.

NOTE 13 – COMMON STOCK

Currently, the Company has two securities listed on the NYSE MKT: (1) Common Stock, \$.0001 par value (trading symbol: IGC) (“Common Stock”) and (2) redeemable warrants to purchase Common Stock (trading symbol: IGC.WT). In February 2013, the Company voluntarily delisted its units from the NYSE MKT and requested its unit holders to contact IGC to get the existing units separated into Common Stock and Warrants. Each warrant entitles the holder to purchase one-tenth of share of Common Stock at an exercise price of \$5.00. The warrants were to expire on March 6, 2015, but on February 4, 2015, the Company extended the expiration date to March 6, 2017.

Effective March 31, 2014, the Company and Bricoleur Partners, L.P. agreed to amend the outstanding \$1,800,000 promissory note (“2012 Security”), subject to the same terms of the 2012 Agreement and Amendments No. 1 and No. 2 thereto, to extend the maturity date of the 2012 Security from July 31, 2014 to July 31, 2016. During the quarter ended September 30, 2015, the Company issued 70,467 shares valued at \$20,670 to this debt holder, which constituted an element of repayment of interest.

On August 22, 2013, IGC entered into an At the Market (“ATM”) Agency Agreement with Enclave Capital LLC. Under the ATM Agency Agreement, IGC may offer and sell shares of Common Stock having an aggregate offering price of up to \$4 million from time to time. Sales of the shares, if any, will be made by means of ordinary brokers’ transactions on the NYSE MKT at market prices, or as otherwise agreed with Enclave. The Company estimated that the net proceeds from the sale of the shares of common stock that were being offered were going to be approximately \$3.6

million. On June 8, 2014, IGC entered into a new At the Market (the “June ATM”) Agency Agreement with Enclave Capital LLC. Under the June ATM Agency Agreement, IGC may offer and sell shares of Common Stock having an aggregate offering price of up to \$1.5 million, for a total of \$5.5 million of gross proceeds from the combined ATM agreements. IGC intends to use the net proceeds from the sale of securities offered for working capital needs, repayment of indebtedness and other general corporate purposes. During the quarter ended September 30, 2015, the Company issued 401,075 shares of Common Stock valued at \$92,819 under this agreement.

Under the December 18, 2014 Purchase Agreement with Apogee, we issued 1,200,000 common shares of IGC valued at \$888,000 for the purchase of 24.9% ownership interest in Midtown Partners & Co., LLC. Pending downward adjustments, subject to certain balance sheet items of MTP, a total of 500,000 shares of IGC common stock have been held back. Pending the resolution of these balance sheet items, the shares that have been held back may be cancelled. As of September 30, 2015, Apogee and Midtown Partners had not received the requisite approvals from FINRA. As a result, pursuant to the terms of the Agreement, there are several penalties that will apply, including the cancellation of 700,000 shares of IGC stock and a penalty of \$125,000. The parties are in the process of negotiating a settlement.



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On June 12, 2013 we signed an agreement with Cherin Group LLC (“Cherin”) for accounting advisory and related patent consulting services. Pursuant to the agreement, IGC issued a total of 50,000 shares to Cherin valued at approximately \$20,000 as part of compensation. On August 15, 2014 we signed an agreement with International Pharma Trials (“IPT”) for research, advisory and consulting services for IGC’s patent development. Pursuant to the agreement, IGC issued a total of 250,000 shares to IPT valued at approximately \$100,000. On February 9 and February 10, 2015, the Company entered into two public and investor relations consulting services with Medical Marketing Group (“MMGI”) and Axiom Financial (“Axiom”) pursuant to which IGC issued a total of 20,000 and 40,000 restricted shares of common stock for a total of \$8,000 and \$16,000, respectively. On June 3, 2015 we signed an agreement with Acorn Management Partners LLC (“Acorn”) for IR and related consulting services. Pursuant to the agreement, IGC issued a total of 100,000 shares to Acorn valued at approximately \$40,000.

Further, pursuant to IGC’s employee stock option plan, the Company has issued options to purchase 130,045 shares at an average exercise price of \$5.60 per share, all of which are outstanding and exercisable as of September 30, 2015. During this quarter, the Company issued 250,000 special grant shares (approved by our shareholders on September 12, 2014) and 50,000 ESOP shares to one of its directors, for an approximate value of \$99,000. As of September 30, 2015, IGC has 16,223,350 shares of Common Stock issued and outstanding.

NOTE 14 – STOCK-BASED COMPENSATION

On April 1, 2009, the Company adopted ASC 718, “Compensation-Stock Compensation” (previously referred to as SFAS No. 123 (revised 2004), Share Based Payment). ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. As of September 30, 2015, under the 2008 Omnibus Plan, 269,345 stock options have been awarded, out of which 139,300 have expired, and 1,391,705 shares of common stock have been awarded. As of September 30, 2015, there were an aggregate of 823,245 shares of common stock available for future grants of options or stock awards.

NOTE 15 – SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were \$830,756 for the six months ended September 30, 2015 as compared to \$1,869,114 for the six months ended September 30, 2014. Selling, general and administrative expenses include compensation expenses to management, legal and professional expenses, investor relations expenses, acquisition related expenses and travel expenses. The selling, general and administrative expenses in the six months period ended September 30, 2015 decreased to 50% as compared to September 30, 2014, mainly because we have cut our expenses related to the mining side of the business.

NOTE 16 – IMPAIRMENT

No impairment was made on the Company’s investments during the fiscal quarter ended September 30, 2015.

NOTE 17 – OTHER INCOME

Other income for the three-month period ended September 30, 2015 contains certain foreign exchange gains/(losses) arising on account of re-measurement of certain intercompany receivables between the U.S. holding company and the foreign subsidiaries. The total foreign exchange loss for the three-month periods ended September 30, 2015 and 2014 amounted to \$69,037 and \$74,905, respectively, and for the six-month periods ended September 30, 2015 and 2014 amounted to \$116,124 and \$78,055, respectively.

NOTE 18 – RECONCILIATION OF EPS

The historical weighted average per share for our shares through September 30, 2015, was applied using the treasury method of calculating the fully diluted shares. The weighted average number of shares outstanding as of September 30, 2015 and 2014 used for the computation of basic earnings per share (“EPS”) is 14,995,130 and 12,227,529, respectively. Due to the loss incurred during the three-month period ended September 30, 2015, all of the potential equity shares are anti-dilutive and accordingly, the fully diluted EPS is equal to the basic EPS.

NOTE 19 – INCOME TAXES

The Company adopted ASC 740, Accounting for Uncertainty in Income Taxes. In assessing the recoverability of its deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. The management considers historical and projected future taxable income, and tax planning strategies in making this assessment.

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The Company's effective tax rate was 0% and 0% for the quarters ended September 30, 2015 and 2014. The Company has US deferred tax assets, which have been offset by valuation allowance because of historical and expected losses. As the Company reverses its losses and becomes profitable, we will reassess the likelihood of recovering a portion or all of the deferred tax assets. The remaining balance of deferred tax assets, which appear on the balance sheet, are from foreign based operations in which utilization is highly probable in offsetting future foreign income taxes.

The Company recorded an income tax gain/expense of \$0 resulting from operational results of its foreign entities for the three-month period ended September 30, 2015 as compared to a tax gain/expenses of \$0 for the same period in 2014. As of September 30, 2015 and 2014, there was no significant liability for income tax associated with unrecognized tax benefits.

## NOTE 20 – SEGMENT INFORMATION

Accounting pronouncements establish standards for the manner in which public companies report information about operating segments in annual and interim financial statements. Operating segments are component of an enterprise that have distinct financial information available and evaluated regularly by the chief operating decision-maker ("CODM") to decide how to allocate resources and evaluate performance. The Company's CODM is considered to be the Company's chief executive officer ("CEO"). The CEO reviews financial information presented on an entity level basis for purposes of making operating decisions and assessing financial performance. Therefore, the Company has determined that it operates in a single operating and reportable segment.

The following provides information required by ASC 280-10-50-38 Entity-Wide Information:

1) The table below shows revenue reported by product and service:

Product & Service	Amount	Percentage of total revenues	
Electronics trading	\$ 3,877,750	99	%
Rental/Lease heavy equipment	36,644	1	%
<b>TOTAL</b>	<b>\$ 3,914,394</b>	<b>100</b>	<b>%</b>

2(a) The table below shows the revenue attributed to the country of domicile (USA) and foreign countries. Revenue is attributed to an individual country if the invoice made to the customer originates in that country. The basis for originating an invoice is the underlining agreement.

Geographic Location	Amount	Percentage of total revenues	
Hong Kong	\$ 3,877,750	99	%
India	36,644	1	%
<b>TOTAL</b>	<b>\$ 3,914,394</b>	<b>100</b>	<b>%</b>

2(b) The table below shows the long-term assets other than financial instruments held in the country of domicile and foreign countries.

Nature of Assets	USA (Country of Domicile)	Foreign Countries (India and China)	Total
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Intangible Assets	\$ -	\$ 283,688	\$ 283,688
Property, Plant and Equipment, Net	608,436	6,650,463	7,258,899
Investments in Affiliates	5,997,058	-	5,997,058
Investments Others	-	28,992	28,992
Deferred Tax Assets	-	311,509	311,509
Other Non-Current Assets	-	414,483	414,483
Total Long-Term Assets	\$ 6,605,494	\$ 7,689,135	\$ 14,294,629

3) For the quarter ended September 30, 2015 we had 117 customers that accounted for 95% of our total revenue. 72% of the customers are in China, 11% of the customers are in Europe, 12% are in rest of Asia, and 5% of the customers are in the Americas. All customers were involved in buying electronics from us.

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NOTE 21 – CERTAIN AGED RECEIVABLES

The accounts receivable as of September 30, 2015 and March 31, 2015, include certain aged receivables in the amount of \$0.5 million. The aged receivables are due from the Cochin International Airport. Cochin International Airport is partially owned by the State Government of Kerala. The receivables have been due for periods in excess of one year as of September 30, 2015. These receivables are included in accounts receivable and have been classified as current because the arbitration process has concluded and ruling was given in our favor. The Company continues to carry the full value of the receivables without interest and without any impairment, because the Company believes that there is minimal risk that this organization will become insolvent and unable to make payment.

NOTE 22 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company's current assets and current liabilities approximate their carrying value because of their short-term nature. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months.

NOTE 23 – ACQUISITIONS

Midtown Partners & Co., LLC

On December 18, 2014, we entered into a Purchase Agreement with Apogee the previous sole owner of the outstanding membership interests of Midtown Partners & Co., LLC, a Florida limited liability company registered as a broker-dealer under the Securities Exchange Act of 1934 ("Midtown"), and acquired, in an initial closing, 24.9% of the outstanding membership interests in Midtown. In consideration of the initial membership interests, we have to issue to Apogee 1,200,000 shares of our common stock, subject to downward adjustment. Following the receipt of all required SEC, FINRA and other regulatory approvals, by June 30, 2015, we have agreed to acquire, in a final closing, the remaining 75.1% of the outstanding membership interests in Midtown in consideration of our issuance to Apogee of an additional 700,000 shares of our common stock, subject to downward adjustment.

As of June 30, 2015, Apogee had not received the requisite approvals from FINRA. As a result, pursuant to the terms of the Agreement, there are several penalties that will apply, including the cancellation of 700,000 shares of IGC stock and a penalty of \$125,000 payable by Apogee to IGC.

Golden Gate Electronics Ltd

On May 31, 2014, the Company acquired 51% of the issued and outstanding share capital of Golden Gate Electronics Limited, a corporation organized and existing under the laws of Hong Kong, now known as IGC International. IGC-INT, headquartered in Hong Kong, operates an e-commerce platform for trading of commodities and electronic components.

The acquisition has been accounted for under the acquisition method of accounting in accordance with ASC Topic 805, "Business Combinations". The total purchase price has been allocated to IGC-INT's net tangible assets based on their estimated fair values at the date of acquisition. The Purchase Price Allocation is based upon preliminary estimates and assumptions that may be subject to change during the measurement period (up to one year from the Acquisition Date). The Company generally does not expect the goodwill recognized to be deductible for income tax purposes. The results of operations of IGC-INT for the month of December 2014 have been included in the consolidated results as shown in the Statement of Operations included herein. The assets and liabilities of IGC-INT have been recorded in the Consolidated Balance Sheet of the Company as of December 31, 2014.

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Purchase price of the acquisition consisted of up to 1,209,765 shares of our common stock, valued at approximately \$1,052,496 on the closing date of the acquisition and the same will be discharged as follows:

Particulars	All amounts in USD Fair Value
IGC Stock Consideration	\$ 178,925
Estimated earn out payment (in the form of Stock)	873,571
Total Purchase Consideration	\$ 1,052,496

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The purchase has been preliminarily allocated to the acquired assets and liabilities, as follows:

Particulars	All amounts in USD	
	Fair Value	
Cash and Cash Equivalents	\$	166,916
Property, Plant and Equipment		81,730
Accounts Receivable		427,594
Inventory		749,133
Other Assets		211,264
Accounts Payable		(162,757)
Loans-Others		(1,322,415)
Other Current Liabilities		(14,771)
Non-Controlling Interest		(66,980)
Goodwill		982,782
Total Purchase Consideration	\$	1,052,496

The above purchase price allocation includes provisional amounts for certain assets and liabilities. The purchase price allocation will continue to be refined primarily in the areas of goodwill and other identifiable intangibles, if any. During the measurement period, the Company expects to receive additional detailed information to refine the provisional allocation above. Non-controlling interests are valued based on the proportional interest in the fair value of the net assets of the acquired entity.

IGC-INT is subject to legal and regulatory requirements, including but not limited to those related to taxation matters, in the jurisdiction in which it operates. The Company has conducted a preliminary assessment of liabilities arising out of these matters and has recognized provisional amounts in its initial accounting for the Acquisition for all identified liabilities in accordance with the requirements of ASC Topic 805. However, the Company is continuing its review of these matters during the measurement period, and if new information obtained about facts and circumstances that existed at the Acquisition date identifies adjustments to the liabilities initially recognized, as well as any additional liabilities that existed at the Acquisition date, the acquisition accounting will be revised to reflect the resulting adjustments to the provisional amounts initially recognized.

The following unaudited pro-forma results of the operations of the Company for six months ended September 30, 2015 and 2014 assume that the IGC-INT acquisition occurred during the beginning of the comparable period.

Particulars	Six months ended September 30,	
	2015	2014
Pro-forma revenue	\$ 3,914,394	\$ 4,093,394
Pro-forma other income	(99,728 )	(67,976 )
Pro-forma net income attributable to IGC Stockholders	\$ (1,006,072)	\$ (2,097,743)
Pro-forma earnings per share		
Basic	-0.07	-0.17
Diluted	-0.07	-0.17

On December 30, 2011, the Company acquired 100% of the issued and outstanding shares of capital stock of H&F Ironman Limited (“HK Ironman”), a Hong Kong company. HK Ironman owns 95% equity in H&F Venture Trade Ltd. aka Linxi Hefei Economic and Trade Co. (“PRC Ironman”). One of IGC’s areas of focus is the export of iron ore to China. HK Ironman through its subsidiary, PRC Ironman, operates a beneficiation plant in China, which converts low-grade iron ore to high-grade iron ore through a dry and wet separation processes. This Acquisition is intended to provide IGC with a platform in China to expand its business and ship low-grade iron ore, which is available for export in India, to China and convert the iron ore to a higher-grade iron ore before selling it to customers in China.

The date of Acquisition, December 30, 2011, is the date on which the Company obtained control of HK Ironman by acquiring control over the majority of the Board of Directors of HK Ironman. The Acquisition has been accounted for under the acquisition method of accounting in accordance with ASC Topic 805, “Business Combination.” For further information on this acquisition and on purchase price allocation, please refer to Form 10-K for fiscal year ended 2012 filed with the SEC on July 16, 2012. On February 2, 2015 IGC filed a lawsuit for the cancellation of shares that were issued to the shareholders of HK Ironman. The lawsuit is expected to settle by fiscal year 2017.



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Advance to TerraSphere Systems

On June 27, 2014, we entered into an agreement with TerraSphere Systems, LLC. to develop multiple facilities to produce organic leafy green vegetables utilizing TerraSphere's advanced pesticide-free organic indoor farming technology. Under the agreement, IGC will own 51% of each venture once production is operational, and will have a right of first refusal to participate in all future build-outs. IGC made a \$150,000 investment in cash in the venture within 60 days after the date of agreement and, in consideration for IGC's issuance of 50,000 shares of its common stock, IGC received a seven-year option to purchase the venture for cash or additional shares of its common stock. IGC is in the process of negotiating a return of the advance.

Advance to Purchase land from Sricon

In October 2014, pursuant to a Memorandum of Settlement with Sricon and related parties, IGC received approximately five acres of land in Nagpur, India, valued at approximately \$5 million, in exchange for the 22% minority interest it had in Sricon. We expect to finalize and register the land in our name in fiscal 2016. TBL has a case filed in India with the Company Law Board ("CLB") under section 397/398.

Advance to Acquire Property

In August 2014, we made an advance of \$400,000 to acquire property for the purpose of building vertical farms. We decided to extricate ourselves from the acquisition and the advance has been returned in full to IGC.

NOTE 24 – SUBSEQUENT EVENTS

By October 22, 2015, IGC repaid the River North Equities, LLC Convertible Note and accrued interest. The Company has satisfied all its obligations under the Convertible Note dated April, 20, 2015.

Due to the expanded direction of the Company and to reflect the most current industries in which we participate, IGC is updating its Industry Classification to the following NAICIS, SIC and ISIC codes, as shown on the Company's profile on NYSE.com:

NAICS:	Pharmaceutical Preparation Manufacturing (325412)
SIC:	Pharmaceutical and Medicine Industry (3741)
	Pharmaceutical Preparations (2834)
ISIC:	Manufacture of Pharmaceuticals, Medicinal Chemical and Botanical Products (2100)

Since September, 2014, we have filed several provisional patents with the United States Patent and Trademark Office ("USPTO") in the combination therapy space for the indications of pain, medical refractory epilepsy and cachexia as part of our intellectual property strategy focused on the health care industry. In September 2015, the U.S. Patent & Trademark Office notified IGC that its provisional patent application (Prov.62/050,864) based on a novel therapy that uses cannabinoid extracts for the treatment of pain was converted (PCT/US2015/050342), internally, formulation IGC501. IGC is currently developing a nationwide brand by using this formulation as an anchor for the treatment of debilitating pain with administration via a topical cream. We intend to file the respective non-provisional patent applications within 12 months of the provisional patent applications. There is no guarantee that filing a provisional or a non-provisional patent application will result in a successful registration with the USPTO. We are also working on additional patent applications to keep building an intellectual property portfolio that will allow us to pursue our short, medium and long-term business strategies.

On November 2015, Dr. James A. Saunders, an expert in plant genomics, natural product plant biochemistry, gene transfer, extraction technologies, hybridization, and DNA finger printing, among other areas, joined the Company as a senior advisor for IGC's expanding Specialty Pharmaceutical IP initiatives that are focused on developing medical and medicinal treatments with cannabinoid therapies.

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### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes that appear elsewhere in this Quarterly Report on Form 10-Q, and the Annual Report on Form 10-K filed with the SEC on July 13, 2015. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in our Annual Report on Form 10-K filed with the SEC on July 13, 2015, including the risk factors set out in Item 1A therein. Therefore, the financial statements included in this Report should be read in conjunction with the audited Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K filed with the SEC on July 13, 2015.

#### Company Overview

India Globalization Capital, Inc. ("IGC"), a Maryland corporation, was organized on April 29, 2005 as a blank check company formed for the purpose of acquiring one or more businesses with operations primarily in India, and now Hong Kong and China, through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, the Company completed an initial public offering. Currently IGC is in the process of positioning itself in two of the world's fastest growing industries -- phytocannabinoid-based biopharmaceuticals and the Internet of Things ("IoT"). In the United States, we develop phytocannabinoid-based therapies for the treatment of a wide range of conditions that are life altering or life threatening; we also build state-of-the art facilities that can be used to grow and extract pharmaceutical grade phytocannabinoids. In Hong Kong, through a subsidiary, we trade and supply electronics for the Internet of Things and health monitoring devices. As part of our legacy business, in India, we engage in leasing equipment to the construction and other industries.

The Internet of Things is the network of physical objects or "things" embedded with electronics, software, sensors and connectivity to enable objects to exchange data with the manufacturer, operator and/or other connected devices. Phytocannabinoids are chemical compounds that exert a range of effects on the human body including, impacting the immune response, gastrointestinal maintenance and motility, muscle functioning, and nervous system response and functioning.

Our short-term plans are to develop, test and patent phytocannabinoid based pharmaceutical therapies, drive our electronics business through partnerships, and build leading edge facilities that can be used to grow and extract pharmaceutical grade phytocannabinoids. Our medium-term plans are to acquire companies or management that can help us advance our bio-pharmaceutical and our technology businesses. Our long-term plan is to establish IGC as a leading provider of phytocannabinoid based pharmaceutical and nutraceutical products.

#### Subsidiaries Overview

HK Ironman is a Hong Kong-based company incorporated on December 20, 2010 to acquire PRC Ironman. PRC Ironman was incorporated as Linxi Hefei Economic & Trade Co., Ltd. in China on January 8, 2008. HK Ironman owns 95% of PRC Ironman. PRC Ironman is engaged in the processing of iron ore from sand and dirt at its beneficiation plants in southwest Linxi in the autonomous region of eastern Inner Mongolia. On February 2, 2015, IGC filed a lawsuit for the cancellation of shares that were issued to the shareholders of HK Ironman. The lawsuit is in the preliminary stages and is expected to settle by fiscal year 2017.

Incorporated on February 19, 2007, India Globalization Capital, Mauritius, Limited (IGC-M) is a Mauritius based company that manages and owns all the subsidiaries based in India: IGC Materials, Private Limited ("IGC-MPL"), IGC

Logistics, Private Limited (“IGC-LPL”), IGC India Mining and Trading (“IGC-IMT”) and Techni Bharathi Limited (“TBL”). TBL was incorporated on June 19, 1982, in Cochin, India. TBL is an engineering and construction company currently focused on the heavy equipment leasing business. TBL has a focus in the Indian states of Kerala, Karnataka, and Tamil Nadu. On March 31, 2013, TBL became a fully-owned subsidiary of IGC. The other Indian subsidiaries are focused on the trading of materials such as iron ore to customers in India and China.

On January 21, 2013, we incorporated IGC HK Mining and Trading Limited (“IGC-HK”) in Hong Kong. In September 2014, we changed the subsidiary’s name to IGC Cleantech (“IGC-CT”). IGC-CT is a wholly-owned subsidiary of IGC-Mauritius and is not currently an operational subsidiary.

On May 31, 2014, IGC completed the acquisition of 51% of the issued and outstanding share capital of Golden Gate Electronics Limited, a corporation organized and existing under the laws of Hong Kong (formerly "Golden Gate"). This subsidiary, now known as IGC International Limited (“IGC-INT”), operates an e-commerce platform for trading of commodities and electronic components.

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On June 27, 2014, we entered into an agreement with TerraSphere Systems LLC to develop multiple facilities to produce organic leafy green vegetables utilizing TerraSphere's advanced pesticide-free organic indoor farming technology. Under the agreement, we will own 51% of each venture once production is operational, and will have a right of first refusal to participate in all future build-outs. IGC is in the process of negotiating a return of the \$150,000 advance.

On December 18, 2014, IGC entered into a Purchase Agreement with Apogee the previous sole owner of the outstanding membership interests of Midtown Partners & Co., LLC, a Florida limited liability company registered as a broker-dealer under the Securities Exchange Act of 1934 ("Midtown"), and acquired, in an initial closing, 24.9% of the outstanding membership interests in Midtown. In consideration of the initial membership interests, we have to issue to Apogee 1,200,000 shares of our common stock (subject to downward adjustment based on certain Q4 2014 financial statement matters). Following the receipt of all required SEC, FINRA and other regulatory approvals, we have agreed to acquire, in a final closing, the remaining 75.1% of the outstanding membership interests in Midtown in consideration of our issuance to Apogee of an additional 700,000 shares of our common stock (subject to downward adjustment based on certain financial statement matters prior to the final closing). As of June 30, 2015, Apogee and Midtown Partners had not received the requisite approvals from FINRA. As a result, pursuant to the terms of the Agreement, there are several penalties that will apply, including the cancellation of 700,000 shares of IGC stock and a penalty of \$125,000 payable by Apogee to IGC. The parties are in the process of negotiating a settlement.

## Results of Operations

### Three Months ended September 30, 2015 Compared to Three Months ended September 30, 2014

Revenue - Total revenue was \$2,055,585 for the three months ended September 30, 2015 as compared to \$2,117,816 for the three months ended September 30, 2014. In the three-month periods ended September 30, 2015 and 2014, the revenue was primarily generated by the trading of electronics and rental of heavy equipment. The revenue for the quarter was slightly down due to a slowing down of global economies and the electronics business in the quarter ended 2015.

Cost of Revenue (excluding depreciation) – Cost of revenue for the three months ended September 30, 2015 was \$1,889,598 as compared to \$1,936,513 for the three months ended September 30, 2014. The margins remained approximately the same.

Selling, General and Administrative - Selling, general and administrative expenses were \$525,353 for the three months ended September 30, 2015 as compared to \$791,428 for the three months ended September 30, 2014. After adjustment for ESOP shares and other non-cash expenses the decrease in SG&A year over year is due to our overall cost management.

Depreciation – The depreciation expense was approximately \$148,855 in the three months ended September 30, 2015 as compared to \$155,154 in the three months ended September 30, 2014.

Interest and other financial expenses – The interest expense and other financial expenses for the three months ended September 30, 2015 were approximately \$66,768 as compared to approximately \$79,749 for the three months ended September 30, 2014.

Other income/(loss) – Other income loss of \$64,671 for the three-month period ended September 30, 2015 contains certain foreign exchange gain/(loss) arising on account of re-measurement of certain intercompany receivables between the US holding company and the foreign subsidiaries. The total foreign exchange loss for the three-month periods ended September 30, 2015 and 2014 amounted to \$69,037 and \$74,905, respectively, and for the six-month

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periods ended September 30, 2015 and 2014 amounted to \$116,124 and \$78,055, respectively. The loss is attributable largely to the depreciation of the Indian rupee against the USD and is considered foreign exchange loss.

Consolidated Net Income/(loss) – In the three months ended September 30, 2015, the Company reported a GAAP net income loss of \$623,373 and a GAAP EPS loss of \$0.04 compared to a GAAP net income loss of \$887,399 and a GAAP EPS loss of \$0.07 for the three months ended September 30, 2014. The lower loss in the second quarter of fiscal 2016 is attributable to lower selling, general and administrative expenses.

Six Months Ended September 30, 2015 Compared to Six Months Ended September 30, 2014

Revenue - Total revenue was approximately \$3,914,394 for the six months ended September 30, 2015, as compared to about \$2,881,680 for the six months ended September 30, 2014.

Cost of Revenue (excluding depreciation) – Cost of revenue for the six months ended September 30, 2015 was approximately \$3,544,367 as compared to approximately \$2,623,801 for the six months ended September 30, 2014.

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Selling, General and Administrative - Selling, general and administrative expenses were about \$830,756 for the six months ended September 30, 2015 as compared to approximately \$1,869,114 for the six months ended September 30, 2014. The selling, general and administrative expenses for the three months ended September 30, 2014 included an amount of \$258,209 towards acquisition costs whereas SG&A for the three months ended September 30, 2015 has none.

Depreciation – The depreciation expense was approximately \$304,829 in the six months ended September 30, 2015 as compared to about \$304,043 in the six months ended September 30, 2014.

Interest and other financial expenses – The interest expense and other financial expenses for the six months ended September 30, 2015 were about \$128,682 as compared to approximately \$140,919 for the six months ended September 30, 2014.

Other income/(loss) – The total foreign exchange loss for the six-month period ended September 30, 2015 and September 30, 2014 is \$116,124 and \$78,055, respectively.

Consolidated Net Income/ (loss) – Consolidated net loss for the six months ended September 30, 2015 was approximately \$1,006,072 compared to a consolidated net loss of about \$2,105,406 for the six months ended September 30, 2014.

### Off-Balance Sheet Arrangements

We do not have any undisclosed investments in special purpose entities or undisclosed borrowings or debt.

### Liquidity and Capital Resources

This liquidity and capital resources discussion compares the consolidated company financial position for the six-month periods ended September 30, 2015 and 2014.

During the six months ended September 30, 2015, cash provided in operating activities was \$7,336 as compared to \$1,952,070 used during the six months ended September 30, 2014.

During the six months ended September 30, 2015, \$46,582 cash was provided by investing activities from continuing operations as compared to \$704,087 used during the same period in 2014.

During the six months ended September 30, 2015, net cash used in financing activities was \$249,109 as compared to \$2,860,535 provided during the same period in 2014.

For the quarter ended September 30, 2015, our non-GAAP cash burn was approximately \$101,810 after adjusting for \$148,855 of depreciation, \$69,037 of non-cash foreign exchange loss, \$20,671 of non-cash interest and \$283,000 stock issuance related expenses.

At the end of September 30, 2015, our cash and cash equivalents along with restricted cash was \$637,923 and working capital of \$2,262,179. We currently have sufficient cash to continue business operations with limited expansion.

### Critical Accounting Policies

See Note 2 - Significant Accounting Policies of the Notes to Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of our critical accounting policies.



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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. This report and the documents incorporated in this report by reference contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Additionally, we or our representatives may, from time to time, make other written or verbal forward-looking statements. In this report and the documents incorporated by reference, we discuss plans, expectations and objectives regarding our business, financial condition and results of operations. Without limiting the foregoing, statements that are in the future tense, and all statements accompanied by terms such as “believe,” “project,” “expect,” “trend,” “estimate,” “forecast,” “assume,” “intend,” “plan,” “target,” “anticipate,” “preliminary,” “will likely result,” “will continue” and variations of them and similar terms are intended to be “forward-looking statements” as defined by federal securities laws. We caution you not to place undue reliance on forward-looking statements, which are based upon assumptions, expectations, plans and projections. Forward-looking statements are subject to risks and uncertainties, including those identified in the “Risk Factors” included in the Company’s Annual report on Form 10-K and in the documents incorporated by reference that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements speak only as of the date when they are made. Except as required by federal securities law, we do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations or the occurrence of unanticipated events after the date of those statements. We intend that all forward-looking statements made will be subject to safe harbor protection of the federal securities laws pursuant to Section 27A of the Securities Act and Section 21E of the Exchange Act.

Forward-looking statements are based upon, among other things, our assumptions with respect to:

- competition in exploiting phytocannabinoids for pharmaceutical and nutraceutical applications;
- federal and state legislation for regulating phytocannabinoids;
- public and regulatory reaction to the use of phytocannabinoids;
- growth rate and competition in the electronic components sector;
- our ability to obtain and protect patents for the use of phytocannabinoids;
- our ability to win licenses, contracts and execute on them;
- current and future economic and political conditions;
- overall industry and market performance;
- the impact of accounting pronouncements;
- management’s goals and plans for future operations; and
- other assumptions described in this prospectus supplement underlying or relating to any forward-looking statements.

You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. As noted above, these forward-looking statements speak only as of the date when they are made. Moreover, in the future, we may make forward-looking statements through our senior management that involve the risk factors and other matters described in the Company’s Annual report on Form 10-K, as well as other risk factors subsequently identified, including, among others, those identified in our filings with the SEC in our quarterly reports on Form 10-Q and our current reports on Form 8-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Pursuant to Item 305(e) of Regulation S-K, the Company is not required to provide the information required by this Item as it is a “smaller reporting company.”



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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, management conducted an evaluation, under the supervision and with the participation of its Chief Executive Officer (CEO) and its principal financial and accounting officer (PFAO), of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934. Based upon that evaluation, our CEO and PFAO concluded that our disclosure controls and procedures are effective.

Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our CEO and PFAO, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting during our fiscal quarter ended September 30, 2015 which were identified in conjunction with Management's evaluation required by paragraph (d) of Rule 13a-15 and 15d-15 under the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceedings against the Company.

Item 1A. Risk Factors

There have not been any material changes with regard to the risk factors previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2015.

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

None.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

- 3.1 Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, as filed on August 6, 2012).
- 3.2 By-laws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, as amended and filed on February 14, 2006 (Reg. No. 333-124942)).
- 31.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.\*
- 31.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002.\*
- 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.\*
- 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.\*
- 101.INS XBRL Instance Document\*
- 101.SCH XBRL Taxonomy Extension Schema Document\*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document\*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document\*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document\*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document\*

\*Filed herewith.



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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INDIA GLOBALIZATION CAPITAL, INC.

Date: November 13, 2015

By: /s/ Ram Mukunda  
Ram Mukunda  
Chief Executive Officer and President  
(Principal Executive Officer)

Date: November 13, 2015

By: /s/ John Clarke  
John Clarke  
Interim Treasurer (Principal Financial and  
Accounting Officer)

