India Globalization Capital, Inc.
Form 10-Q
November 21, 2016

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

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, 2016

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	20-2760393
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4336 Montgomery Ave. Bethesda, Maryland	20814
(Address of principal executive offices)	(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):

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 8, 2016, there were approximately 28,378,887 shares of our common stock outstanding.

INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2016

Table of Contents

Table of Contents
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-September - 16 (unaudited)	31-March - 16 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$939,285	$1,490,693
Accounts receivable, net of allowances	653,959	962,658
Inventories	58,647	162,091
Prepaid expenses and other current assets	1,272,426	1,226,507
Total current assets	$2,924,317	$3,841,949
Goodwill	198,170	1,180,951
Intangible Assets	113,321	113,321
Property, plant and equipment, net	6,929,982	7,074,437
Investments in affiliates	2,603,411	609,148
Investments-others	5,230,264	5,175,392
Deferred Income taxes	356,619	356,684
Other non-current assets	504,065	507,300
Total long-term assets	$15,935,832	$15,017,233
Total assets	$18,860,149	$18,859,182
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short -term borrowings	$-	$27,762
Trade payables	456,783	330,631
Accrued expenses	90,045	300,111
Loans – others	-	189,680
Notes payable	1,800,000	1,800,000
Other current liabilities	517,253	550,877
Total current liabilities	$2,864,081	$3,199,061
Long - term borrowings	653,753	801,467
Loans – others	366,669	-
Other non-current liabilities	150,751	910,583
	$1,171,173	$1,712,050
Total liabilities	$4,035,254	$4,911,111
Stockholders' equity:		
Common stock — $.0001 par value; 150,000,000 shares authorized; 23,265,531 issued and outstanding as of March 31, 2016 and 23,957,827 issued and outstanding as of September 30, 2016.	$2,396	$2,327
Additional paid-in capital	67,820,860	65,885,243
Accumulated other comprehensive income (loss)	(2,307,769)	(2,269,357)
Retained earnings (Deficit)	(51,111,225)	(50,142,199)
Total equity attributable to Parent	$14,404,262	$13,476,014

Non-controlling interest	$420,633	$472,057
Total stockholders' equity	$14,824,895	$13,948,071
Total liabilities and stockholders' equity	$18,860,149	$18,859,182

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

Table of Contents

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

	All amounts in USD except share data Three months ended September 30,		All amounts in USD except share data Six months ended September 30,	
	2016	2015	2016	2015
Revenues	$162,163	$2,055,585	$237,563	$3,914,394
Cost of revenues (excluding depreciation)	(90,534)	(1,889,598)	(154,589)	(3,544,367)
Selling, general and administrative expenses	(339,585)	(525,353)	(636,802)	(830,756)
Depreciation	(97,842)	(148,855)	(195,514)	(304,829)
Loss on investments / associates /joint ventures	(183,835)	-	(183,835)	-
Operating income (loss)	$(549,633)	$(508,221)	$(933,177)	$(765,558)
Interest expense	(51,410)	(67,460)	(89,956)	(128,682)
Interest income	114	-	114	2
Other income, net (loss)	11,985	(64,671)	13,740	(99,728)
Income before income taxes and minority interest attributable to non-controlling interest	$(588,944)	$(640,352)	$(1,009,279)	$(993,966)
Income taxes benefit/ (expense)	-	-	-	-
Net income/(loss)	$(588,944)	$(640,352)	$(1,009,279)	$(993,966)
Non-controlling interests in earnings of subsidiaries	(5,073)	(16,979)	(11,239)	12,106
Net income / (loss) attributable to common stockholders	$(583,871)	$(623,373)	$(998,040)	$(1,006,072)
Earnings/(loss) per share attributable to common stockholders:				
Basic	$(0.02)	$(0.04)	$(0.04)	$(0.07)
Diluted	$(0.02)	$(0.04)	$(0.04)	$(0.07)
Weighted-average number of shares used in computing earnings per share amounts:				
Basic	23,636,403	14,995,130	23,636,403	14,995,130
Diluted	23,636,403	14,995,130	23,636,403	14,995,130

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

Table of Contents

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

	Three months ended September 30,					
	2016			2015		
	IGC	Non-controlling interest	Total	IGC	Non-controlling interest	Total
Net income / (loss)	$(583,871)	$ (5,073)	$(588,944)	$(623,373)	$ (16,979)	$(640,352)
Foreign currency translation adjustments	8,775	-	8,775	(184,959)	-	(184,959)
Comprehensive income (loss)	$(575,096)	$ (5,073)	$(580,169)	$(808,332)	$ (16,979)	$(825,311)

	Six months ended September 30,					
	2016			2015		
	IGC	Non-controlling interest	Total	IGC	Non-controlling interest	Total
Net income / (loss)	$(998,040)	$ (11,239)	$(1,009,279)	$(1,006,072)	$ 12,106	$(993,966)
Foreign currency translation adjustments	38,412	-	38,412	(154,905)	-	(154,905)
Comprehensive income (loss)	$(959,628)	$ (11,239)	$(970,867)	$(1,160,977)	$ 12,106	$(1,148,871)

The accompanying notes should be read in connection with the financial statements.
5

Table of Contents

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

	Six months ended September 30, 2016	2015
Cash flows from operating activities:		
Net income (loss)	$(1,009,279)	$(993,966)
Adjustment to reconcile net income (loss) to net cash:		
Deferred taxes	-	-
Depreciation	195,514	304,829
Write back of liability (non-cash)	-	-
Unrealized foreign exchange gain/loss	-	116,124
Loss from Investments /joint venture /associates	183,835	-
Non-cash interest expenses	71,315	87,726
ESOP and other stock related expenses	-	99,000
IR and other shares	-	184,000
Changes in:		
Accounts receivable	$(2,462)	$(135,799)
Inventories	-	317,893
Prepaid expenses and other assets	(4,836)	297,446
Trade payables	200,688	207,141
Other current liabilities	(33,414)	(264,666)
Other non – current liabilities	(36,191)	13,250
Non-current assets	723	(1,379)
Accrued Expenses	(242,621)	(224,263)
Inter–company balances	-	-
Net cash provided/(used) in operating activities	$(676,728)	$7,336
Cash flow from investing activities:		
Proceeds from non – current investment	$(55,000)	$-
Purchase of property and equipment	(4,504)	(806)
Capital work in progress	(95,843)	47,388
Non current assets	-	-
Net cash provided/(used) by investing activities	$(155,347)	$46,582
Cash flows from financing activities:		
Issuance of equity stock	$242,562	$148,013
Net movement in short-term borrowings	-	(769,447)
Proceeds /(repayment) from long-term borrowing	140,933	(29,254)
Proceeds from loans	(64,250)	92,529
Proceeds from Notes payable	-	309,050
Net cash provided/(used) by financing activities	$319,245	$(249,109)
Effects of exchange rate changes on cash and cash equivalents	(38,578)	8,622
Net increase/(decrease) in cash and cash equivalents	(551,408)	(186,569)
Cash and cash equivalent at the beginning of the period	1,490,693	824,492
Cash and cash equivalent at the end of the period	$939,285	$637,923

Supplementary information:		
Cash paid for interest	$18,641	$40,956
Cash paid for taxes	-	$-
Non-cash items:		
Common stock issued for interest payment on notes payable	$71,315	$61,776
Common stock issued including ESOP, Consultancy and IR	$-	$283,000

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

Table of Contents

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

NOTE 1 – OVERVIEW

a) India Globalization Capital, Inc. ("IGC")

Through our research on phytocannabinoids, we develop intellectual property for the treatment of life altering or life threatening conditions; and for the purpose of leasing we build state-of-the-art farming facilities. In Malaysia we develop and manage residential and commercial real estate. In India and China we lease equipment, trade commodities and electronic components.

Phytocannabinoid based therapies

We have filed five 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 phytocannabinoid based health care industry. There is no guarantee that filing a provisional or a non-provisional patent application will result in a successful registration with the USPTO. As we develop our intellectual property, and expertise, we intend to build leading edge facilities that we can use to grow, extract, and supply pharmaceutical grade phytocannabinoids, when and if federal laws become more favorable. The table below provides a status of our patent filings:

Indication	Provisional Filing	PCT Filing	Subsequent Activity
Pain (Case 1)	9/16/14	9/16/15	US National Case Filed – 6/15/16
Seizures (Case 2)	6/15/15	6/14/16	US National Case Filed – 6/15/16
Seizures (Case 3)	4/1/15	4/1/16	PCT Application Published- 10/6/16
Eating Disorders (Case 4)	8/12/15	8/11/16	US and National Filing Anticipated 2/12/18
Seizures (Case 5)	6/15/16	Anticipated- 6/15/17	US and National Filing Anticipated 12/15/18

Cannabinoids 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. Phytocannabinoids are cannabinoids that occur naturally in the cannabis plant, they are abundant in the viscous resin produced by glandular structures called trichomes. There are over 480 different compounds in the cannabis plant. Many of them have been identified as cannabinoids. Of these THC (delta-9-tetrahydrocannabinol) is the main psychoactive component ("high") in the plant and is, broadly, pursued by the recreational users. The medical community, on the other hand broadly pursues many of the non-psychoactive phytocannabinoids, CBD (Cannabidiol) for example.

The pain market represents a significant component of the healthcare system and The Journal of Pain in September 2012 reported that the annual estimated national cost of pain ranges from $560 billion to $635 billion. This figure exceeds the entire cost of the nation's priority health conditions. Additionally, The American Pain Society recommends that pain be made more visible and be categorized as the fifth vital sign; recognizing that terminal illnesses are often accompanied by unbearable levels that are so severe and difficult to treat that death seems more preferable. According to the Arthritis Foundation, arthritis has been particularly problematic for women; since 1999 there has been a 22 percent increase in the number of women who attribute their disability to arthritis. Current treatment protocols such as the utilization of opioid-based drug therapies present a number of challenges and may result in debilitating consequences that affect patient day-to-day functioning and patients' productivity. Commonly reported side effects include hallucinations, constipation, sedation, nausea, respiratory depression, and dysphoria. Our patent filing is based on a novel therapy that uses extracts from the cannabis plant for the treatment of psoriatic arthritis and scleroderma pain. The therapy uses a cream that is applied to the joints, using a variety of delivery mechanisms including a bio-adhesive patch.

Table of Contents

Approximately 50 million people worldwide are affected by epilepsy (Sanders, 2003). Epilepsy is thought to be due to multiple factors that include sodium, potassium, GABA (gamma amino butyric acid) and NMDA (N-Methyl-d-aspartate). It is believed, for example, that to maximally control epilepsy, modulation of one or more of these receptors is required and that mono therapy is adequate in up to 25% of patients. The onset of epileptic seizures can be life threatening, including long-term implications (Lutz, 2004) such as mental health problems, cognitive deficits and morphological changes (Swann, 2004, Avoli et. al., 2005). The onset of epilepsy also greatly affects lifestyle as sufferers live in fear of consequential injury or the inability to perform daily tasks (Fisher et. al., 2000).The scientific community (1980 Cunha et. al., 1986 Ames, 1990 Trembly et. al. recent testing by GW Pharmaceuticals, among others) have shown that cannabidiol (CBD) has anti-convulsive properties in humans. Other studies, (Davis and Ramsey) have shown that tetrahydrocannabinol (THC) can also help reduce seizures. Two of our patent filings involving novel therapies use phytocannabinoid extracts from cannabis, in combination with other drugs, to treat medical refractory epilepsy in humans and seizures in dogs and cats.

Cachexia is a condition that accompanies severe illness such as cancer and results in the weakness and wasting away of the body. Cachexia physically weakens patients to the extent that response to standard treatments is poor. In the U.S. it is estimated that a population of approximately 1.3 million are experiencing cachexia associated with cancer, multiple sclerosis, Parkinson's disease, HIV/AIDS and other progressive illnesses. Cachexia is secondary to an underlying disease such as cancer or AIDS and is a positive risk factor for death. As an example, cancer induced anorexia cachexia is responsible for about 20% of all cancer deaths. Our patent filing involves a novel therapy that uses phytocannabinoids to stimulate senses (smell and taste) with a combination of drugs to stimulate appetite. Our approach addresses the veterinarian market as dogs and cats also suffer from pain, epilepsy and cachexia and getting a product to market for the veterinarian industry is significantly less time consuming than getting products approved for human healthcare. We expect to file more patents and continue to develop intellectual property in this industry.

Real estate management and other businesses

In Malaysia, our subsidiary Cabaran Ultima is the project manager of an estimated $262 million five-star hotel planned to be built on approximately 6 plus acres in Genting highlands. Genting is a hill resort one hour from Kuala Lumpur that boasts many attractions including a casino and is home to the 20th Century Fox World theme park slated to open in 2017. The site is located within walking distance to the theme park and casino. We own 10% of the hotel project through our investment in a Malaysian company called Brilliant Hallmark with recourse to the land assets through a Tag Along Agreement in the event of non-performance. HBA Architecture, the hotel's master planner and designer, have a prestigious design resume that includes numerous developments such as the Hilton Hanoi Opera Hotel Refurbishment in Vietnam, Marrisle Boutique Leisure Resort and Club Med Gongshan Island Resort, both located in China. They have been tasked with synthesizing concepts such as sanctuary, water, light, futuristic, aviary, birds and gold. The premier destination is expected to be about 1,861,000 square feet and will consist of a large conference facility, residential suites, five star premium suites, four-star hotel, and retail public areas. We expect to submit the final plans for the hotel to the zoning authorities in Malaysia by the end of this year with approvals expected in three to five months. The milestones for the build out are as follows: 1) finalization of the architectural concept and drawings, 2) submission of plans to the authorities for approval, 3) securing debt financing, and 4) choosing a construction company to execute the plans. The build out is expected to take three to four years. During the build out phase we expect to receive revenue from project management and after it is built, from the disposition of the hotel. In Malaysia we expect to evaluate other resort projects and develop this side of the business.

In Hong Kong, through a majority owned subsidiary called Golden Gate that we renamed as IGC International, we operated an electronics business. Most of our revenue in fiscal 2016 and some of the revenue in the first quarter of fiscal 2017 come from that business. We had no revenue from Golden Gate for the quarter ended September 30, 2016. We have moved away from the electronics business as there is a macroeconomic slow-down in the electronics sector and without scale meaningfully competing is difficult. The Board decided against attempting scale and further investments. We have stopped taking orders, released most of the staff, closed the offices in Hong Kong and Shenzhen China, paid back the lines of credit with the Hong Kong banks, released IGC's executive from the personal guarantee that he provided for the lines of credit, and liquidated the inventory.

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. The terms of the Acquisition Agreement called for the delivery of 205,671 shares of IGC common stock at the signing of the Agreement and the remaining 1,004,094 shares were contingent on the electronics business meeting annual thresholds for revenue and profit through fiscal year ending on March 31, 2017. The contingent shares will not be delivered as IGC International is unable to meet the targets. We are in negotiations for the return of all or some part of the initial 205,671 shares that were delivered to the principals of Golden Gate at the signing of the acquisition. We have no disputes with the initial principals of Golden Gate and the decision to curtail this business was mutual.
8

Table of Contents

Our short-term plans are to develop, test, and patent phytocannabinoid based pharmaceutical therapies, build leading edge facilities that can be used to grow and extract pharmaceutical grade phytocannabinoids, when federally legal, and develop the hotel complex in Genting Malaysia. Our long-term plan is to establish IGC as a leading provider of phytocannabinoid based pharmaceutical and nutraceutical products.

Brief History

IGC is 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 and in exchange for the 22% minority interest we had in Sricon, we received approximately five acres of prime land in Nagpur, India, valued around $5 million, based on various factors including real estate demand in India and exchange rate. The land is located a few miles from MIHAN, which is the largest development zone in terms of investment in India. The Company beneficially registered the land in its name on March 4, 2016.

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.

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."

In February 2015, IGC filed a lawsuit in the circuit court of Maryland against 24 defendants related to the acquisition of Ironman seeking to have the court order rescission of the underlying Acquisition Agreement and to void any past or future transfer of IGC shares to the defendants. It is anticipated that the lawsuit could go to trial in mid-2017. The assets of Ironman are currently shown on the balance sheet of IGC. We are also considering alternative strategies. Based on the outcome, the Ironman assets may be removed from the balance sheet of IGC reducing the total assets and additional paid in capital. Please see the risk factor on Ironman and the financial Note 3 on the accounting impact on IGC's balance sheet on Form 10-K filed with the SEC on July 14, 2016.

In May 2014, we completed the acquisition of 51% of the 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 the 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. For the quarter ended September 30, 2016 we have no revenue from this business.

In June 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. 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. We are negotiating a conversion of the investment into shares of a Canadian public vehicle that TerraSphere expects to merge into.

In December 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"), to acquire 24.9% of the outstanding membership interests in Midtown Partners. In consideration of the initial membership interests, we issued to Apogee 1,200,000 shares of our common stock. As a result of Apogee's inability to obtain requisite approvals to sell us their remaining interest in Midtown Partners, we will remain a 24.9% owner in Midtown Partners for the foreseeable future. We are not seeking to consummate the acquisition of the remaining interest in Midtown Partners at this time.

Table of Contents

In February 2016, we completed the acquisition of 100% of the outstanding share capital of Cabaran Ultima Sdn. Bhd., a corporation organized and existing under the laws of Malaysia (“Ultima”), from RGF Land Sdn. Bhd. (“Land”), the sole shareholder of Ultima, pursuant to the terms of a Share Purchase Agreement among the parties. Ultima holds 51% of RGF Cabaran Sdn. Bhd., which holds 75% of RGF Construction Sdn. Bhd. The purchase price of the acquisition consists of up to 998,571 shares of our common stock, valued at approximately $169,758 on the closing date of the Share Purchase Agreement. Ultima and its management’s expertise include the following: (i) building agro-infrastructure for growing medicinal plants and botanical extraction, and (ii) construction of high-end luxury complexes such as service apartments, luxury condominiums and hotels.

In August 2016, we subscribed to 10% of Brilliant Hallmark, Sdn. Bhd. a corporation organized and existing under the laws of Malaysia (“Brilliant”). We paid 4,000,000 shares of common stock with a Fair Market Value of $1,880,000 for the 10% stake in Brilliant that holds the exclusive rights to build a hotel and develop the property in Genting Malaysia. IGC has recourse to the land assets in the event of non-performance through a separate Tag Along Agreement dated August 1, 2016 between IGC on the one hand and RGF Land Sdn. Bhd., the shareholders of RGF Land Sdn. Bhd., and Brilliant on the other hand.

b) List of subsidiaries with percentage holding

The operations of IGC are based in Malaysia, 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, 2016	Percentage of holding as of March 31, 2016
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
Cabaran Ultima Sdn. Bhd., (“Ultima”) (4)	IGC	Malaysia	100	100

(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) 100% owned by India Globalization Capital, Inc.

Unless the context requires otherwise, all references in this report to “IGC,” “we,” “our” and “us” refer to India Globalization Capital, Inc., together with the subsidiaries listed above. We exclude our investments and minority non-controlling interests, and any information provided by them is not incorporated by reference in this report, and you should not consider it a part of this report.

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 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.

Table of Contents

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, 2016 filed with the SEC on July 14, 2016. 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, 2017.

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.

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 ownership, 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, 2016, the Company does not have any interest in any VIE investment.

The non-controlling interest disclosed in the accompanying financial statements for the second quarter of fiscal year 2017 represent the non-controlling interest in IGC International, Linxi H&F Economic and Trade Co. (PRC Ironman) and Cabaran Ultima's subsidiaries 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.

Table of Contents

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

The accompanying financial statements are reported in U.S. dollars. The INR, HKD, RMB and the RM 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, 2015	INR	65.15	per	USD	INR	65.50	per	USD
	RMB	6.29	per	USD	RMB	6.36	per	USD
	HKD	7.78	per	USD	HKD	7.75	per	USD
Year ended March 31, 2016	INR	65.39	per	USD	INR	66.25	per	USD
	RMB	6.32	per	USD	RMB	6.44	per	USD
	HKD	7.76	per	USD	HKD	7.76	per	USD
	RM	4.11	per	USD	RM	3.90	per	USD
Three months ended September 30, 2016	INR	66.37	per	USD	INR	66.58	per	USD
	RMB	6.66	per	USD	RMB	6.67	per	USD
	HKD	7.76	per	USD	HKD	7.76	per	USD
	RM	3.99	per	USD	RM	4.13	per	USD

f) Revenue recognition

The majority of the revenue recognized for the quarterly periods ended September 30, 2016 and 2015 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.

Table of Contents

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.

(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.

Table of Contents

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").

j) Property, Plant and Equipment (PP&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.

Table of Contents

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, 2016 and 2015, 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; to (3) Apogee Financial in exchange for a membership interest in Midtown Partners, LLC; to (4) Cabaran Ultima ("Ultima") in exchange for Ultima's stock; and to (5) Brilliant in exchange for Brilliant's 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; between the Company and Apogee Financial and their stockholders; between the Company and Cabaran Ultima and its stockholders; and between the Company and Brilliant 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.

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, Hong Kong, and Malaysia, 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, 2016 and March 31, 2016, 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 India and one customer in Malaysia, and 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 6% 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.

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.

Table of Contents

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-need 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 and Cabaran Ultima, which are two of the legal entities in Hong Kong and in Malaysia, respectively, are also considered separate reporting units and therefore the Company believes that the assessment of goodwill impairment at the subsidiaries level, which are also a reporting unit each, 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

No reclassifications have been made for this first quarter of fiscal year ending March 31, 2017. In the last quarter of fiscal year ending March 31, 2016, we reclassified the Investment in Affiliates (22% minority interest investment we had in Sricon) to Investment Others (five acres of prime land in Nagpur, India) as the company has returned the shares after transfer of land in its name as per the settlement agreement. The land, valued at approximately $5 million, based on various factors including the exchange rate, is located a few miles from MIHAN, which is the largest development zone in terms of investment in India. The Company beneficially registered the land in its name on March 4, 2016.

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.

Recognition and Measurement of Financial Assets and Financial Liabilities: In January 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This ASU requires entities to present separately in OCI the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (DVA) when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. It will also require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, thus eliminating eligibility for the current available-for-sale category. The company is evaluating the effect that ASU 2015-03 will have on its Consolidated Financial Statements.

Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share: In May 2015, the FASB issued ASU No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent), which is intended to reduce diversity in practice related to the categorization of investments measured at NAV within the fair value hierarchy. The ASU removes the current requirement to categorize investments for which fair value is measured using the NAV per share practical expedient within the fair value hierarchy. Adoption of the ASU did not have a material effect on the Company's financial statements.

Table of Contents

Debt Issuance Costs: In April 2015, the FASB issued Accounting Standards Update (ASU) 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, to conform the presentation of debt issuance costs to that of debt discounts and premiums. Thus, the ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. The guidance is effective beginning on January 1, 2016. Early adoption is permitted, including adoption in interim period. The company is evaluating the effect that ASU 2015-03 will have on its Consolidated Financial Statements.

Consolidation: 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.

Revenue from Contracts with Customers: 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.

Discontinued Operations and Significant Disposals: In April 2014, the FASB issued ASU 2014-08 “Presentation of Financial Statements (Topic 810) and Property, Plant, and Equipment” (Topic 360), “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. Additionally, the ASU requires expanded disclosures about discontinued operations that will provide more information about the assets, liabilities, income and expenses of discontinued operations. The impact of adopting the ASU was not material.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, net of allowances, amounted to $0.65 million and $0.96 million, as of September 30, 2016 and March 31, 2016, respectively. The accounts receivable net of reserves for the quarter ended September 30, 2016 comes primarily from the construction and rental of heavy construction equipment. 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 September 30, 2016	As of March 31, 2016

Advance to suppliers & services	372,081	315,659
Security/statutory advances	13,512	14,399
Advances to employees	868,517	878,042
Prepaid /accrued interest	1,234	1,239
Deposit and other current assets	17,082	17,168
Total	$1,272,426	$1,226,507

* The increase in Advance to suppliers & services comes from our subsidiary in Malaysia. Advances to Employees represent advances made to employees of Ironman by Ironman, prior to its acquisition by IGC.

18

Table of Contents

Other non-current assets consist of the following:

	As of September 30, 2016	As of March 31, 2016
Statutory/Other advances	$ 504,065	$ 507,300
Total	$ 504,065	$ 507,300

NOTE 5 – INTANGIBLE ASSETS AND GOODWILL

The movement in intangible assets and goodwill is given below.

	As of September 30, 2016	As of March 31, 2016
Intangible assets at the beginning of the period	$ 113,321	$ 306,131
Amortization	-	(158,780)
Effect of foreign exchange translation	-	(34,030)
Total Intangible assets	$ 113,321	$ 113,321
Goodwill of IGC International Ltd	0	982,782
Goodwill of Cabaran Ultima SDN BHD	198,170	198,169
Total Goodwill	$ 198,170	$ 1,180,951

The value of intangible assets, associated with the acquisition of Ironman, as of September 30, 2016 and March 31, 2016 amounted to $113,321. In this quarter the goodwill associated with IGC International Ltd was impaired.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Category	Useful Life (years)	As of September 30, 2016	As of March 31, 2016
Building (flat)	25	$ 1,237,398	$ 1,238,569
Plant and machinery	20	6,658,105	6,666,402
Computer equipment	3	149,963	218,124
Office equipment	5	114,038	114,508
Furniture and fixtures	5	97,371	118,753
Vehicles	5	318,507	345,830
Assets under construction	N/A	4,945,773	4,885,844
Total		$ 13,521,155	$ 13,588,030
Less: Accumulated depreciation		$ (6,591,173)	$ (6,513,593)
Net Assets		$ 6,929,982	$ 7,074,437

Depreciation and amortization expense for the period ended September 30, 2016 and 2015 was $195,514 and $304,829 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.

Table of Contents

NOTE 7 – INVESTMENTS – OTHERS

Investments – others for each of the periods ended September 30, 2016 and March 31, 2016 consisted of the following:

	As of September 30, 2016	As of March 31, 2016
Investment in equity shares of an unlisted company	$25,653	$25,781
Investment in Land	5,204,611	5,149,611
Total	$5,230,264	$5,175,392

NOTE 8 – SHORT-TERM BORROWINGS

The Company had no short-term borrowings during the quarter ended September 30, 2016 and $27,762 as of March 31, 2016.

NOTE 9 – OTHER CURRENT AND NON-CURRENT LIABILITIES
Other current liabilities consist of the following:

	As of September 30, 2016	As of March 31, 2016
Statutory payables	$ 24,557	$31,756
Employee related liabilities	492,696	518,587
Other liabilities /expenses payable	-	534
Total	$ 517,253	$550,877

Other non-current liabilities consist of the following:

	As of September 30, 2016	As of March 31, 2016
Creditors	$ 751	$37,012
Acquisition related liabilities	150,000	873,571
Total	$ 150,751	$910,583

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

NOTE 10 – RELATED PARTY TRANSACTIONS

As of September 30, 2016, the Company has (i) a balance due of $93,810 payable to our CEO inclusive of certain unpaid salaries from previous years and (ii) a long term loan of $653,753 due to the Director of Cabaran (RM 2.70 million).

We pay Integrated Global Networks LLC (“IGN”), an affiliate of Mr. Mukunda, $4,500 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 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 the Board of

Directors at any time without notice.

20

Table of Contents

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"), which was due July 31, 2016. We are currently in negotiations to extend the loan. 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, 2016, the Company issued a total of 83,489 shares valued at $40,075 to this debt holder, which constituted an element of repayment of interest. Other long-term borrowings to meet our working capital requirements include $366,669 from various individuals including one of our previous directors who has loaned the Company $40,000 at 10% annual interest payable on April 25, 2018. All these loans have a term of five years, are unsecured, carry interest between 0% and 20%, carry no prepayment penalties, and may be repaid by the Company at any time.

NOTE 12 – COMMITMENTS AND CONTINGENCY

No significant contingencies or commitments were made or existed during the three months ended September 30, 2016.

NOTE 13 – COMMON STOCK

Currently, the Company has its Common Stock, $.0001 par value (trading symbol: IGC) ("Common Stock") listed on the NYSE MKT. Its redeemable warrants to purchase Common Stock (trading symbol: IGC.WT) and its Units trade now on the OTC Markets. 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. On February 2015, the Company extended the warrants' expiration date to March 6, 2017 and these were delisted on February 2016.

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 and are currently negotiating a further extension. During the quarter ended September 30, 2016, the Company issued 83,489 shares valued at $40,075 to this debt holder, which constituted an element of repayment of interest.

On August 22, 2013 and June 8, 2014, IGC entered into two respective At the Market ("ATM") Agency Agreements 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 and 1.5 million from time to time, respectively, for a total of $5.5 million of gross proceeds from the combined ATM agreements. On May 20, 2016, IGC entered into a new At-The-Market Agency Agreement ("ATM Agreement") with IFS Securities, Inc. (dba Brinson Patrick, a division of IFS Securities, Inc.), as sales agent ("Brinson Patrick" or the "Agent"). Under the ATM Agreement with Brinson Patrick, IGC may offer and sell shares of its Common Stock having an aggregate offering price of up to $10 million from time to time through Brinson Patrick. 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, 2016, the Company issued 469,140 shares of Common Stock valuated at $204,736 under this agreement.

On April 2, 2014, as reported on a Current Report on Form 8-K filed by the Company on April 3, 2014, we entered into a securities purchase agreement with certain institutional investors relating to the sale and issuance by our company to the investors of an aggregate of 750,000 shares of our common stock, for a total purchase price of $506,250. Midtown Partners & Co., LLC, ("Midtown") acted as our exclusive placement agent in this offering. 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.

On September 12, 2014, IGC shareholders approved 1,500,000 shares of common stock as a special grant valued at $615,000 to IGC's CEO and the directors of the board subject to vesting. In fiscal year 2015 out of the amount approved, we issued 1,200,000 shares of common stock with a value of $492,000.

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. The agreement had a deadline of June 30, 2015, for Apogee and Midtown Partners to obtain the requisite approvals from FINRA. Apogee did not file for approval on time, and consequently 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 owed by Apogee to us. We are not seeking to consummate the acquisition of the remaining interest in Midtown Partners at this time.

Table of Contents

Under the February 11, 2016 Purchase Agreement with Cabaran Ultima, we issued 998,571 common shares of IGC valued at $169,757 for the purchase of 100% ownership interest in Ultima. Between February 24, 2016 and March 23, 2016 we issued a total of 4,253,246 unregistered shares of common stock for an aggregate amount of $1.5 million.

Further, pursuant to IGC's employee stock option plan and as of September 30, 2016, the Company has granted (1) 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, 2016 and (2) a total of 3,684,950 shares to its directors and some of its employees. As of September 30, 2016, IGC has 23,957,827 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, 2016, under the 2008 Omnibus Plan, 269,345 stock options have been awarded, out of which 139,300 have expired, and 3,684,950 shares of common stock have been awarded. As of September 30, 2016, there were no 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 $636,802 for the six months ended September 30, 2016 as compared to $830,756 for September 30, 2015. Selling, general and administrative expenses include compensation expenses to management, legal and professional expenses, investor-relations expenses, acquisition related expenses and travel expenses.

NOTE 16 – IMPAIRMENT

We impaired the goodwill associated with the Company's investment in Hong Kong during the fiscal quarter ended September 30, 2016.

NOTE 17 – OTHER INCOME

Other income for the three-month period ended September 30, 2016 amounts to $11,985 and includes income received from the supply of skilled operators for the heavy equipment rental business and from the rent of the apartment belonging to TBL, which is located in Kochi, India.

NOTE 18 – RECONCILIATION OF EPS

The historical weighted average per share for our shares through September 30, 2016, was applied using the treasury method of calculating the fully diluted shares. The weighted average number of shares outstanding as of September 30, 2016 and 2015 used for the computation of basic earnings per share ("EPS") is 23,636,403 and 14,995,130, respectively. Due to the loss incurred during the three-month period ended September 30, 2016, 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.

The Company's effective tax rate was 0% for both the quarters ended September 30, 2016 and 2015. 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 no income tax gain/expense resulting from operational results of its foreign entities for both three-month periods ended September 30, 2016 and 2015. As of September 30, 2016 and 2015, there was no significant liability for income tax associated with unrecognized tax benefits. As of September 30, 2016, IGC could not use its net operating losses.

Table of Contents

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	% on total revenues	
Trading	$-	0	%
Rental / Lease /Real estate	237,563	100	%
TOTAL	$237,563	100	%

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 underlying agreement.

Geographic Location	Amount	% on total revenues	
Hong Kong	$-	0	%
India and Malaysia	237,563	100	%
TOTAL	$237,563	100	%

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
Intangible Assets	$-	$113,321	$113,321
Property, Plant and Equipment, Net	856,369	6,073,613	6,929,982
Investments in Affiliates	2,603,411	-	2,603,411
Investments Others	5,204,611	25,653	5,230,264
Deferred Tax Assets	-	356,619	356,619
Other Non-Current Assets	-	504,065	504,065
Total Long Term Assets	$8,664,391	$7,073,271	$15,737,662

3) For the quarter ended September 30, 2016 we had one main customer in Malaysia and five in India. Most of revenue came from the one main customer in Malaysia.

23

Table of Contents

NOTE 21 – CERTAIN AGED RECEIVABLES

The receivable and other assets as of September 30, 2016 and March 31, 2016, include certain aged receivables in the amount of $419,498. 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, 2016. 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

Brilliant Hallmark Sdn. Bhd.

On August 1, 2016, IGC acquired a 10% stake in a luxury hotel development project encompassing 6 plus acres in Genting Highlands, Malaysia. Consideration for the transaction was 4,000,000 IGC common shares valued at an agreed upon fair market value of approximately $1,880,000. Brilliant is a private limited land development company incorporated in Malaysia and has an exclusive Development Agreement with RGF Land Sdn. Bhd. dated April 18, 2016, to develop the land assets set out in the Agreement. The project is located in close proximity to Resorts World Genting, a hill resort destination that features the First World Indoor Theme Park and a casino that draws visitors from regions such as China, Korea, and The Middle East. Cabaran Ultima.

Cabaran Ultima Sdn. Bhd.

On February 11, 2016, we completed the acquisition of 100% of the outstanding share capital of Cabaran Ultima Sdn. Bhd., a corporation organized and existing under the laws of Malaysia (“Ultima”), from RGF Land Sdn. Bhd (“Land”), the sole shareholder of Ultima, pursuant to the terms of a Share Purchase Agreement among the parties. Ultima is a real estate development and international project management company incorporated in Kuala Lumpur, Malaysia. The purchase price of the acquisition consists of up to 998,571 shares of our common stock, valued at approximately $169,757 on the closing date of the Share Purchase Agreement. Ultima is an international real estate project management company with expertise in (i) building agro-infrastructure for growing medicinal plants and botanical extraction, (ii) construction of high-end luxury complexes such as service apartments, luxury condominiums and hotels, and (iii) design management of other large-scale infrastructure.

Purchase price of the acquisition consisted of up to 998,571 shares of our common stock, valued at approximately $169,757 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	$169,757
Total Purchase Consideration	$169,757

Table of Contents

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

Particulars	All amounts in USD Fair Value
Property, Plant and Equipment	$1,421
Trade and other receivables	12,385
Reimbursement Account	63,564
Cash and bank balances	16,438
Deposit & Prepayment	6,205
Trade and other payables	(133,804)
Other payables	(12,789)
Non-Controlling interest	18,168
Goodwill	198,169
Total Purchase Consideration	$169,757

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.

Ultima 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 the six-month period ended September 30, 2016 and 2015 assume that the Ultima acquisition occurred during the beginning of the comparable period.

Particulars	Six months ended September 30, 2016	2015
Pro forma revenue	$237,563	$4,230,244
Pro forma other income	13,740	(99,726)
Pro forma net income attributable to IGC Stockholders	(998,040)	(693,498)
Pro forma earnings per share		
Basic	$-0.04	$-0.047
Diluted	$-0.04	$-0.047

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.

Table of Contents

The agreement had a deadline of June 30, 2015, for Apogee and Midtown Partners to obtain the requisite approvals from FINRA. Apogee did not file for approval on time, and consequently 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 owed by Apogee to us.

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.

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

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.

Table of Contents

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 the six-months ended September 30, 2016 and 2015 assume that the IGC-INT acquisition occurred during the beginning of the comparable period.

	Six months ended September 30,	
Particulars	2016	2015
Pro forma revenue	$237,563	$3,914,394
Pro forma other income	13,740	(99,728)
Pro forma net income attributable to IGC Stockholders	$(998,040)	$(1,006,072)
Pro forma Earnings per share		
Basic	$-0.04	$-0.07
Diluted	$-0.04	$-0.07

As previously announced we have curtailed activity in IGC-INT and for the quarter ended September 30, 2016 we have no revenue. We also impaired the goodwill associated with the acquisition. We are working on required paperwork that will effectively transfer Golden Gate back to the managing director in return for some or all of the IGC common stock that was initially awarded as part of the acquisition. We have realigned our resources to the phytocannabinoid industry and real estate development and international project management industry.

HK Ironman

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. In February 2015, IGC filed a lawsuit in the circuit court of Maryland against 24 defendants related to the acquisition of Ironman seeking to have the court order rescission of the underlying Acquisition Agreement and to void any past or future transfer of IGC shares to the defendants. It is anticipated that the lawsuit will go to trial in mid-2017. The assets of Ironman are currently shown on the balance sheet of IGC. Depending on the outcome of the lawsuit, the assets may be removed from the balance sheet of IGC and the corresponding acquisition shares returned to treasury. The assets of Ironman are currently shown on the balance sheet of IGC.

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. The Company is negotiating a conversion of the investment into shares of a Canadian public vehicle that TerraSphere expects to merge into.

Table of Contents

Advance to Purchase land from Sricon

In October 2014, pursuant to a Memorandum of Settlement with Sricon and related parties and in exchange for the 22% minority interest we had in Sricon, we received approximately five acres of prime land in Nagpur, India, valued at approximately $5 million, based on various factors including the exchange rate. The land is located a few miles from MIHAN, which is the largest development zone in terms of investment in India. The Company beneficially registered the land in its name on March 4, 2016.

NOTE 24 – INVESTMENT IN AFFILIATES

Pursuant to 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. Further, the Company has written down the investment by $314,589 to reflect the latest available book value of Midtown Partners.

Table of Contents

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 14, 2016. 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 14, 2016, 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 14, 2016.

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 Malaysia, 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. IGC is headquartered in the United States. The operations of IGC are based in USA, Hong Kong, India, and Malaysia. In the United States, throughout our research on phytocannabinoid-based therapies, we develop intellectual property for the treatment of life altering or life threatening conditions; for the purpose of leasing, we also build state-of-the art farming facilities. In India, Hong Kong and China, we lease equipment, trade commodities and electronic components, and in Malaysia we develop manage and sell residential and commercial real estate.

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. We have filed five 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 phytocannabinoid based health care industry. There is no guarantee that filing a provisional or a non-provisional patent application will result in a successful registration with the USPTO. In addition, when federal laws become more favorable, we intend to build leading edge facilities that we can use to grow, extract, and supply pharmaceutical grade phytocannabinoids.

In Hong Kong, through a majority owned subsidiary, we operate a trading business. Most of our revenue comes from this business. However, for some time, we have been in the process of pivoting away from this business, as there has been a macroeconomic slow-down in this sector, to higher margin niche businesses such as indoor farming, specialized construction and specialty leasing, by organically developing or acquiring this expertise.

Our short-term plans are to develop, test, and patent phytocannabinoid based pharmaceutical therapies, build leading edge facilities that can be used to grow and extract pharmaceutical grade phytocannabinoids and develop the hotel complex in Genting Malaysia, while jettisoning our trading business. Our long-term plan is to establish, in the USA, IGC as a leading provider of phytocannabinoid based pharmaceutical and nutraceutical products.

Subsidiaries Overview

Incorporated on February 19, 2007, India Globalization Capital Mauritius Limited (IGC-M) is a Mauritius based company that manages and beneficially owns all the subsidiaries based in India that were purchased in 2009: IGC Materials Private Limited ("IGC-MPL"), IGC Logistics Private Limited ("IGC-LPL"), IGC India Mining and Trading

Private Limited ("IGC-IMT") and Techni Bharathi Private 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 wholly-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.

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.

Table of Contents

IGC HK Mining and Trading Limited (“IGC-HK”) is a Hong Kong-based company incorporated in January 2013. 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.

Golden Gate Electronics Limited (“Golden Gate”), is a corporation organized and existing under the laws of Hong Kong and now known as IGC International Limited (“IGC-INT”). It operates an e-commerce platform for trading of commodities and electronic components. In May 2014, IGC completed the acquisition of 51% of Golden Gate issued and outstanding share capital of. As previously announced we have curtailed activity in IGC-INT and for the quarter ended September 30, 2016 we have no revenue. We also impaired the goodwill associated with the acquisition. We are working on required paperwork that will effectively transfer Golden Gate back to the managing director in return for some or all of the IGC common stock that was initially awarded as part of the acquisition. We have realigned our resources to the phytocannabinoid industry and real estate development and international project management industry.

In June 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. 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. We are negotiating a conversion of the investment into shares of a Canadian public vehicle that TerraSphere expects to merge into.

In December 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”), to acquire 24.9% of the outstanding membership interests in Midtown Partners. In consideration of the initial membership interests, we issued to Apogee 1,200,000 shares of our common stock. As a result of Apogee’s inability to obtain requisite approvals to sell us their remaining interest in Midtown Partners, we will remain a 24.9% owner in Midtown Partners for the foreseeable future. We are not seeking to consummate the acquisition of the remaining interest in Midtown Partners at this time.

In February 2016, we completed the acquisition of 100% of the outstanding share capital of Cabaran Ultima Sdn. Bhd., a corporation organized and existing under the laws of Malaysia (“Ultima”), from RGF Land Sdn. Bhd. (“Land”), the sole shareholder of Ultima. Ultima holds 51% of RGF Cabaran Sdn. Bhd., which holds 75% of RGF Construction Sdn. Bhd. Ultima and its management’s expertise include the following: (i) building agro-infrastructure for growing medicinal plants and botanical extraction, and (ii) construction of high-end luxury complexes such as service apartments, luxury condominiums and hotels.

In August 2016, we subscribed to 10% of Brilliant Hallmark, Sdn. Bhd. a corporation organized and existing under the laws of Malaysia (“Brilliant”). We paid 4,000,000 shares of common stock with a Fair Market Value of $1,880,000 for the 10% stake in Brilliant that holds the exclusive rights to build a hotel and develop the property in Genting Malaysia. IGC has recourse to the land assets in the event of non-performance through a separate Tag Along Agreement dated August 1, 2016 between IGC on the one hand and RGF Land Sdn. Bhd., the shareholders of RGF Land Sdn. Bhd., and Brilliant on the other hand.

Results of Operations

Three Months ended September 30, 2016 Compared to Three Months ended September 30, 2015

Revenue - Total revenue was $162,163 for the three months ended September 30, 2016 as compared to $2,055,585 for the three months ended September 30, 2015. In the three-month periods ended September 30, 2016 the revenue was primarily generated by the renting of heavy equipment and from managing the construction of the hotel in Genting. The decrease in revenue is primarily from a decrease in the volume of the electronic trading business, which we have curtailed.

Cost of Revenue (excluding depreciation) – Cost of revenue for the three months ended September 30, 2016 was $90,534 as compared to $1,889,598 for the three months ended September 30, 2015. The decrease in cost of revenue stems from a decrease in the volume of business as reflected in the decrease in revenue.

Selling, General and Administrative - Selling, general and administrative expenses was $339,585 for the three months ended September 30, 2016 as compared to $525,353 for the three months ended September 30, 2015. Most of the expenses are public company related expenses.

Depreciation – The depreciation expense was approximately $97,842 in the three months ended September 30, 2016 as compared to $148,855 in the three months ended September 30, 2015. Most of the depreciation comes from the assets in China.

Table of Contents

Interest and other financial expenses – The interest expense and other financial expenses for the three months ended September 30, 2016 were approximately $51,410 as compared to approximately $66,768 for the three months ended September 30, 2015. Most of the interest is paid with shares of the Company and is therefore non-cash.

Other income/(loss) – Other income was $11,985 for the three-month period ended September 30, 2016 as compared to a loss of $64,671 in September 30, 2015.

Consolidated Net Income/(loss) – In the three months ended September 30, 2016, the Company reported a GAAP net income loss of $583,871 and a GAAP EPS loss of $0.02 compared to a GAAP net income loss of $623,373 and a GAAP EPS loss of $0.04 for the three months ended September 30, 2015.

Six Months Ended September 30, 2016 Compared to Six Months Ended September 30, 2015

Revenue - Total revenue was approximately $237,563 for the six months ended September 30, 2016, as compared to about $3,914,394 for the same period in 2015. The decrease in revenue is from our deliberate move away from the electronic trading business in Hong Kong.

Cost of Revenue (excluding depreciation) – Cost of revenue for the six months ended September 30, 2016 was approximately $154,589 as compared to approximately $3,544,367 for the same period in 2015.

Selling, General and Administrative - Selling, general and administrative expenses were about $636,802 for the six months ended September 30, 2016 as compared to approximately $830,756 for the for the same period in 2015.

Depreciation – The depreciation expense was approximately $195,514 in the six months ended September 30, 2016 as compared to about $304,829 for the same period in 2015.

Interest and other financial expenses – The interest expense and other financial expenses for the six months ended September 30, 2016 were about $89,956 as compared to approximately $128,682 for the for the same period in 2015.

Other income/(loss) – Other income was $13,740 for the six-month period ended September 30, 2016 as compared to a loss of $99,728 for the same period in 2015.

Consolidated Net Income/ (loss) – Consolidated net loss for the six months ended September 30, 2016 was approximately $998,040 compared to a consolidated net loss of about $1,006,072 for the six months ended September 30, 2015.

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, 2016 and 2015.

During the six months ended September 30, 2016, cash used in operating activities was $676,728 compared to $7,336 provided during the six months ended September 30, 2015.

During the six months ended September 30, 2016, $155,347 cash was used in investing activities from continuing operations as compared to $46,582 provided during the same period in 2015.

For the quarter ended September 30, 2016, our non-GAAP cash burn was approximately $252,325 after adjusting for $97,842 of depreciation, $40,075 of non-cash interest and $193,629 of certain one-time charges.

At the end of September 30, 2016, our cash and cash equivalents along with restricted cash was $939,285 and working capital of $60,236. We currently have sufficient cash to continue business operations with limited expansion.

Table of Contents

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.

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 this report 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:

- our ability to successfully register patents, market new products and services, including but not limited to real estate in Malaysia, leasing products in India, Malaysia and the USA, and achieve customer acceptance in the industries we serve;
- our ability to accurately predict the future demand of our products;
- competition in exploiting phytocannabinoids for pharmaceutical and nutraceutical applications;
- our ability (based in part on regulatory concerns) to build and or lease facilities for vertical farming that can eventually be used by us to produce pharmaceutical grade phytocannabinoids;
- our ability to obtain and protect patents for the use of phytocannabinoids;
- our ability to enter into new licenses and contracts, and perform them successfully;
- current and future economic and political conditions, in specifically but not limited to North America, Malaysia, India, and China; 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 this report, 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.

Table of Contents

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."

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, 2016, 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.

Table of Contents

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceedings against the Company.

Item 1A. Risk Factors

The risk factors below update some of the risk factors previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2016.

Risks Related to Our Business and Expansion Strategy

We own 24.9% of Midtown Partners (MTP) and 10% of Brilliant Hallmark and will be subject to risks associated with being a minority member with limited control.

We own 24.9% of MTP and, 10% of Brilliant Hallmark Sdn. Bhd. The investments subject us to risks associated with being a minority member with limited control. In addition to the specific risks associated with the minority investment in Midtown Partners, we will be subject to general acquisition-related risks discussed more generally in these "Risk Factors" set out in the Form 10-K for the fiscal year ended March 31, 2016.

Our expansion is dependent on laws pertaining to the legal cannabis industry in the US, and laws for foreign ownership of assets in Malaysia.

We expect to expand our patent portfolio to include pharmaceutical and nutraceutical products. We are for example filing patents for using phytocannabinoids for a variety of ailments. Currently there are no legal barriers federal or otherwise that stop us from creating a viable patent portfolio, other than getting trademark protection. However, it takes enormous resources including doctors, veterinarians, attorneys, research analysts, and scientists, among others, to create, analyze, file and ultimately prevail in the patent filings. We have a substantial investment in Malaysia and we are subject to foreign ownership laws of Malaysia. Adverse changes to these laws as well as foreign repatriation rules can affect our financial statements and lead to losses that would in turn adversely affect our stock price.

Currency fluctuations may reduce our profitability.

If the recent volatility in the capital and currency markets continue and adversely affect the Indian, Chinese and Malaysian currencies our balance sheet will show foreign exchange translation losses that could adversely affect our stock price.

Risks Related to Ownership of Our Common Stock

Future sales of common stock by us could cause our stock price to decline and dilute your ownership in our company.

There are currently 11,656,668 outstanding public warrants to purchase 1,165,265 shares of our common stock and stock options to purchase 130,045 shares of our common stock. We are not restricted from issuing additional shares of our common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The market price of our common stock could decline as a result of sales of a large number of shares of our common stock by us in the market or the perception that such sales could occur. If we raise funds by issuing additional securities in the future or the outstanding warrants or stock options to purchase our common stock are exercised, the newly-issued shares will also dilute your percentage ownership in our company.

Table of Contents

Risk Related to Our Securities

Material weaknesses in our internal controls and financial reporting, and our lack of accounting personnel with sufficient U.S. GAAP experience may limit our ability to prevent or detect financial misstatements or omissions. As a result, our financial reports may not always comply with U.S. GAAP and the Accounting Standards Codification. Any material weakness, misstatement or omission in our financial statements will negatively affect the market, and price of our stock which could result in significant loss to our investors.

While we have a chief financial officer with significant U.S. GAAP and SEC reporting experience, we also continue to supplement our knowledge with the advisory services of outside experts as needed. Management had identified a weakness relating to our company not having sufficient experienced personnel with the requisite technical skills and working knowledge of the application of U.S. GAAP, and internal controls over financial reporting, with our reporting in China, not including Hong Kong. However, as previously disclosed, we are getting out of the Chinese Ironman acquisition. Failure to comply or adequately comply with any laws, rules, or regulations applicable to our business may result in fines or regulatory actions, which may materially adversely affect our business, results of operation, or financial condition and could result in delays in achieving either the effectiveness of a registration statement or the development of an active and liquid trading market for our common stock.

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

None, other than those previously reported on Form 8-K.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

On November 15, 2016, India Globalization Capital, Inc. (IGC) appointed Mr. John Cherin to the position of CFO, Treasurer, and Principal Accounting Officer (PAO) replacing Mr. John Clarke in his interim roles. Please see full disclosure on our current report on Form 8-K filed concurrently with this quarterly report on Form10-Q.

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.

Table of Contents

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 21, 2016	By:	/s/ Ram Mukunda Ram Mukunda Chief Executive Officer and President (Principal Executive Officer)
Date: November 21, 2016	By:	/s/ John Cherin John Cherin CFO and Treasurer (Principal Financial and Accounting Officer)