India Globalization Capital, Inc.
Form 10-Q
November 08, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

þ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the quarterly period ended September 30, 2013

o 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 small business issuer 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)

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

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Name of exchange on which registered
Common Stock	NYSE MKT
Common Stock Purchase Warrants	NYSE MKT

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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. þ Yes o 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). þ Yes o 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 o	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller reporting companyþ

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

Indicate the number of shares outstanding for each of the issuer's classes of common equity as of September 30, 2013: 7,481,426 shares of $0.0001 Par Value Common Stock

Disclosures relating to common shares, options and warrants reflect a 10:1 reverse split effected on April 19, 2013.

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED SEPTEMBER 30, 2013

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

All amounts in USD except share data

	As of	
	September 30, 2013 (un-audited)	March 31, 2013 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$726,768	$1,064,421
Accounts receivable, net of allowances	985,743	1,066,650
Inventories	503,034	407,060
Prepaid expenses and other current assets	1,641,821	1,730,514
Total current assets	$3,857,366	$4,268,645
Intangible Assets & Goodwill	609,896	592,274
Property, plant and equipment, net	7,997,727	8,184,230
Investments in affiliates	5,109,057	5,109,057
Investments-others	47,939	83,489
Deferred acquisition costs	207,337	207,338
Deferred Income taxes	316,233	341,455
Other non-current assets	396,117	466,105
Total assets	$18,541,672	$19,252,593
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	587,021	600,702
Accrued expenses	474,738	466,960
Notes payable	1,800,000	1,800,000
Loans - others	344,695	446,694
Other current liabilities	221,478	310,619
Total current liabilities	$3,427,932	$3,624,975
Other non-current liabilities	648,720	653,388
Total liabilities	$4,076,652	$4,278,363
Stockholders' equity:		
Common stock — $0.0001 par value; 150,000,000 shares authorized; 6,980,098 issued and outstanding as of March 31, 2013 and 7,481,426 issued and outstanding as of September 30, 2013.	$748	$698
Additional paid-in capital	56,677,008	56,153,375
Accumulated other comprehensive income	(1,805,975)	(2,020,764)
Retained earnings (Deficit)	(40,945,853)	(39,697,179)
Total equity attributable to Parent	$13,925,928	$14,436,130
Non-controlling interest	$539,092	$538,100
Total stockholders' equity	14,465,020	14,974,230

Total liabilities and stockholders' equity	$18,541,672	$19,252,593

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

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

All amounts in USD except share data

	Three months ended September 30,		Six months ended September 30,	
	2013	2012	2013	2012
Revenues	$1,133,585	1,351,466	$2,257,489	2,619,146
Cost of revenues (excluding depreciation)	(943,493)	(1,108,357)	(1,879,732)	(2,045,801)
Selling, general and administrative expenses	(474,951)	(341,783)	(774,076)	(782,558)
Depreciation	(147,850)	(245,125)	(297,144)	(328,719)
Operating income (loss)	(432,709)	(343,799)	(693,463)	(537,932)
Interest expense	(68,828)	(15,740)	(180,964)	(26,298)
Interest income	2,253		6,333	836
Other income, net	(114,577)	204,375	(376,485)	(164,235)
Income before income taxes and minority interest attributable to non-controlling interest	$(613,861)	(155,164)	$(1,244,579)	(727,629)
Income taxes benefit/ (expense)	(1,507)	(9,735)	(3,103)	21,975
Net income/(loss)	$(615,368)	(164,899)	$(1,247,682)	(705,654)
Non-controlling interests in earnings of subsidiaries	181	22,191	(992)	34,629
Net income / (loss) attributable to common stockholders	$(615,187)	(142,708)	$(1,248,674)	(671,025)
Earnings/(loss) per share attributable to common stockholders:				
Basic	$(0.09)	(0.02)	$(0.18)	(0.11)
Diluted	$(0.09)	(0.02)	$(0.18)	(0.11)
Weighted-average number of shares used in computing earnings per share amounts:				
Basic	7,116,180	6,006,174	7,116,180	6,006,174
Diluted	7,116,180	6,006,174	7,116,180	6,006,174

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

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

	Three months ended September 30,					
	2013			2012		
	IGC	Non-controlling interest	Total	IGC	Non-controlling interest	Total
Net income / (loss)	$(615,187)	181	$(615,368)	$(142,708)	(22,191)	$(164,899)
Foreign currency translation adjustments	$199,615		$199,615	$(71,815)	40,872	$(30,943)
Comprehensive income (loss)	$(415,572)	181	$(415,753)	$(214,523)	18,681	$(195,842)

	Six months ended September 30,					
	2013			2012		
	IGC	Non-controlling interest	Total	IGC	Non-controlling interest	Total
Net income / (loss)	$(1,248,674)	(992)	$(1,247,682)	$(671,026)	(34,629)	$(705,654)
Foreign currency translation adjustments	$214,789		$214,789	$75,201	3,977	$79,178
Comprehensive income (loss)	$(1,033,885)	(992)	$(1,032,893)	$(595,825)	(30,652)	$(626,476)

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

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INDIA GLOBALIZATION CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

All amounts in USD except share data

	No of Shares	Amount	Additional Paid in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income/(loss)	Non-Controlling Interest	Total Stockholders' Equity
Balance at March 31, 2013 (audited)	6,980,098	$ 698	$ 56,153,375	$ (39,697,179)	$ (2,020,764)	$ 538,100	$ 14,974,230
Bricoleur loan interest payments	102,600	10	171,845				171,855
Issuance of shares	152,266	15	149,814				149,829
ATM Sale	246,462	25	201,974				201,999
Loss on Translation					214,789		214,789
Net income for non-controlling interest						992	992
Net income / (loss)				(1,248,674)			(1,248,674)
Balance at September 30, 2013 (unaudited)	7,481,426	748	56,677,008	(40,945,853)	(1,805,975)	539,092	14,465,020

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

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

	Six months ended September 30,	
	2013	2012
Cash flows from operating activities:		
Net income (loss)	$ (1,247,682)	$ (705,654)
Adjustment to reconcile net income (loss) to net cash:		
Deferred taxes	3,103	(498)
Depreciation	297,144	328,719
Unrealized exchange losses/(gains)	355,760	154,156
Unrealized share in the profit/loss of the joint venture	28,463	
Non-cash interest expenses	171,855	
ESOP and other stock related expenses	149,830	
Changes in:		
Accounts receivable	(5,828)	4,830
Inventories	(95,972)	(45,380)
Prepaid expenses and other assets	(7,794)	127,458
Trade payables	5,547	111,535
Other current liabilities	(81,423)	(483,764)
Other non – current liabilities	(7,269)	(2,822)
Non-current assets	10,641	235,452
Accrued Expenses	7,783	40,361
Net cash used in operating activities	$ (415,842)	$ (235,607)
Cash flow from investing activities:		
Proceeds from short term investment		
Proceeds from sale of property and equipment		4,280
Deposit towards acquisitions, net of cash acquired		308,255
Issuance of equity shares	201,998	
Net cash provided/(used) by investing activities	$ 201,998	$ 312,535
Cash flows from financing activities:		
Net movement in other short-term borrowings	(101,999)	(25,137)
Net cash provided/(used) by financing activities	$ (101,999)	$ (25,137)
Effects of exchange rate changes on cash and cash equivalents	(21,810)	(3,442)
Net increase/(decrease) in cash and cash equivalents	(337,653)	48,349
Cash and cash equivalent at the beginning of the period	1,064,421	562,948
Cash and cash equivalent at the end of the period	$ 726,768	$ 611,297
Supplementary information:		
Cash paid for interest	$Nil	$Nil
Cash paid for taxes	$Nil	$Nil
Non-cash items:		
Common stock issued for interest payment on notes payable	$ 171,855	
Common stock issued including ESOP	$ 149,830	

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

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

NOTE 1 – OVERVIEW

a) Description of the Company

We are India Globalization Capital, Inc. (the "Company" or "IGC"), a Maryland corporation, 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 through a merger, capital stock exchange, asset acquisition or other similar business combination or acquisition. On March 8, 2006, we completed an initial public offering of our Common Stock. On February 19, 2007, we incorporated India Globalization Capital, Mauritius, Limited (IGC-M), a wholly owned subsidiary, under the laws of Mauritius. On March 7, 2008, we consummated the acquisition of interests in two companies in India, Techni Bharathi Limited ("TBL") and Sricon Infrastructure Private Limited ("Sricon"). Both of these companies' shares are held by IGC-M. Currently, IGC owns 22% of Sricon and 100% of TBL, a company focused on the infrastructure industry. On June 21, 2012, IGC entered into a Memorandum of Settlement (the "MoS") with Sricon and related parties, pursuant to which the Company gave up the 22% minority interest in Sricon in exchange for approximately 5 acres of land in Nagpur. The settlement is expected to close by the end of this financial year. On March 31, 2013, IGC became the 100% owner of TBL by purchasing the remaining 23.1% shares from TBL's promoters.

On February 19, 2009, IGC-M beneficially purchased 100% of IGC Mining and Trading Private Limited (IGC-IMT) based in Chennai, India. IGC-IMT was formed on December 16, 2008, as a privately held start-up company engaged in the business of mining and trading. Its current activity is to operate shipping hubs and to trade iron ore. On July 4, 2009, IGC-M beneficially purchased 100% of IGC Materials, Private Limited (IGC-MPL) based in Nagpur, India, which conducts IGC's 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 mining and trading business in India. Each of IGC-IMT, IGC-MPL and IGC-LPL were formed by third parties at the behest of IGC-M to facilitate the creation of the subsidiaries. The purchase price paid for each of IGC-IMT, IGC-MPL and IGC-LPL was equal to the expenses incurred in incorporating the respective entities with no premium paid.

On December 30, 2011, IGC obtained stock holder approval for the acquisition of 95% equity interest in Linxi HeFei Economic and Trade Co., aka 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"). Collectively, PRC Ironman and HK Ironman are referred to as "Ironman."

On January 21, 2013, we incorporated IGC HK Mining and Trading Limited ("IGC-HK") in Hong Kong. IGC-HK is a wholly owned subsidiary of IGC-Mauritius. On May 24, 2013, IGC Linxi Industrial and Trading Limited ("IGC-Linxi") was incorporated by two Chinese citizens, who acted as the initial directors of this company. This is as per the regulatory requirements for incorporation of companies. Once this company was incorporated, IGC-HK took control of 95% of the shares of IGC-Linxi. The necessary regulatory requirements for the ownership of IGC-Linxi by IGC-HK are expected to take three to four months and the process is expected to be routine. In the meantime the IGC-Linxi is under the control of IGC-HK. No premium was paid to the individuals for incorporating IGC-Linxi. The company was not operational at the time of purchase and therefore no revenue or earnings were recorded. The individuals were reimbursed a total of $267.56 (1,650 RMB) for the amounts they paid to incorporate the company. Therefore effectively, this company is not an acquisition but an incorporation by IGC. This incorporation is part of our internal re-structuring.

India Globalization Capital, Inc. (”IGC,” the “Company,” or “we”) and its subsidiaries are engaged in the mining and trading business and in the construction business. We operate in India and China. The Company’s medium term plans are to expand the number of iron ore mining sites it has in Inner Mongolia and continue to build its iron ore assets. The business offerings of the Company include the purchasing and sale of iron ore and other minerals (lead, zinc, and rare earth, among others).

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b) List of subsidiaries with percentage holding

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

Subsidiaries	Immediate holding company	Country of Incorporation	Percentage of holding as of Sept 30, 2013	Percentage of holding as of March 31, 2013
IGC – Mauritius ("IGC-M")	IGC	Mauritius	100	100
IGC HK Mining and Trading Limited ("IGC-HK")	IGC-M	Hong Kong	100	100
India Mining and Trading Private Limited ("IGC-IMT")	IGC-M	India	100	100
IGC Linxi Industrial and Trading Limited ("IGC- Linxi")	IGC-HK	China	95	0
IGC Logistic Private Limited ("IGC-LPL")	IGC-M	India	100	100
IGC Materials Private Limited ("IGC-MPL")	IGC-M	India	100	100
H&F Ironman Limited ("HK Ironman")	IGC	Hong Kong	100	100
Linxi H&F Economic and Trade Co. ("PRC Ironman")	HK Ironman	Peoples' Republic of China	95	95
Techni Bharathi Private Limited ("TBL")	IGC-M	India	100	100

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 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, 2013 filed with the SEC on July 16, 2013. 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, 2014.

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.

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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"), wherein the Company is not able to exercise significant influence in spite of having 20% or more of the voting stock, the Company has accounted for the investment based on the cost method. In addition, the Company consolidates any Variable Interest Entity ("VIE") if it is determined to be the primary beneficiary. However, as of September 30, 2013, the Company does not have any interest in any VIE or equity method investment.

The non-controlling interest disclosed in the accompanying unaudited interim consolidated financial statements represents the non-controlling interest in Ironman and the profits or losses associated with the non-controlling interest in those operations.

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

d) Use of estimates

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

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

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

e) Foreign currency translation

IGC mainly operates in India and China and a substantial portion of the Company's sales are denominated in INR and RMB. As a result, changes in the relative values of the U.S. dollar and INR or the RMB 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 and the RMB are the functional currencies for the Company. The translation of the functional currencies into U.S. dollars is performed for assets and liabilities using the exchange rates in effect at the balance sheet date and for revenues, costs and expenses using average exchange rates prevailing during the reporting periods. Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as other comprehensive income/(loss), a separate component of shareholders' equity. The exchange rates used for translation purposes are as follows:

Period	Period End Average Rate (P&L rate)	Period End Rate (Balance sheet rate)
Three months ended September 30, 2012	INR 51.91 per USD	INR 52.92 per USD
	RMB 6.29 per USD	RMB 6.29 per USD
Year ended March 31, 2013	INR 54.36 per USD	INR 54.52 per USD
	RMB 6.28 per USD	RMB 6.21 per USD
	HKD 7.77 per USD	HKD 7.76 per USD
Three months ended September 30, 2013	INR 58.55 per USD	INR 62.58 per USD
	RMB 6.17 per USD	RMB 6.12 per USD
	HKD 7.76 per USD	HKD 7.76 per USD

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f) Revenue recognition

The majority of the revenue recognized for the three month period ended September 30, 2013 and 2012 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. In government contracting, the Company recognizes revenue when a government consultant verifies and certifies an invoice for payment.

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

For the sale of goods, the timing of the transfer of substantial risks and rewards of ownership is based on the contract terms negotiated with the buyer, e.g., FOB or CIF. IGC considers 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.

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g) Accounts receivable

We make estimates of the collectability of our accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness, and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

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.

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, impact of change in government policies, etc. 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.

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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.

n) Cash and cash equivalents

For financial statement purposes, the Company considers all highly liquid debt instruments with maturity of three months or less, to be cash equivalents. The Company maintains its cash in bank accounts in the United States of America, Mauritius, India and China, 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, 2013 and March 31, 2013, 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.

A significant portion of the Company's sales in China is to key customers. Five of such customers accounted for approximately 90% of gross accounts receivable as of September 30, 2013.

r) Leased mineral rights

In China, costs to obtain leased mineral rights are capitalized and amortized to operations as depletion expense within the leased periods, using the straight-line method. Depletion expenses are included in depreciation and amortization on the accompanying statement of operations.

s) Business combinations

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.

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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 doesn't participate in a multi-employer defined contribution plan in China to provide employees with certain retirement, medical and other fringe benefits because most of our workers are contractors employed through agencies or other companies.

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 Accounting Standards Codification ("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.

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

In ASC 350.20.20, a reporting unit is defined as an operating segment or one level below the operating segment. A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that

component. The Company has determined that IGC operates in a single operating segment. While the CEO reviews the consolidated financial information for the purposes of decisions relating to resource allocation, the CFO, on a 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.

In FYE 2013, the Company acquired 23% ownership of its Indian Subsidiary –Techni Bharathi Pvt. Ltd. from the promoters and combined with its previous purchase holds 100% ownership in Techni Bharathi Pvt. Ltd. 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, TBL, which is one of the legal entities, is also considered a separate reporting unit and therefore the Company believes that the assessment of goodwill impairment at the subsidiary level, which is also a reporting unit, is appropriate.

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

w) Reclassifications

None.

x) Recently issued and adopted accounting pronouncements

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

Effective January 1, 2012, Company adopted amendments from the FASB to Fair Value Accounting. The amendments clarify the application of the highest and best use, and valuation premise concepts, preclude the application of "blockage factors" in the valuation of all financial instruments and include criteria for applying the fair value measurement principles to portfolios of financial instruments. The amendments also prescribe additional disclosures for Level 3 fair value measurements and financial instruments not carried at fair value. The adoption of this guidance did not have a material impact on Company's consolidated financial position or results of operations.

In December 2011, the FASB issued new accounting disclosure requirements about the nature and exposure of offsetting arrangements related to financial and derivative instruments. The requirements are effective for fiscal years beginning after January 1, 2013, which for us is the fiscal ending March 2014. The adoption of this guidance did not have a material impact on Company's consolidated financial position or results of operations.

In September 2011, the FASB issued an Accounting Standards Update that permits companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill is impaired before performing the two-step goodwill impairment test required under current accounting standards. The guidance is effective for us beginning in the first quarter of fiscal 2013, with early adoption permitted. The adoption of this standard will not impact our financial results.

In June 2011, the FASB issued ASU 2011-05, which is now part of ASC 220: “Presentation of Comprehensive Income". The new guidance will require companies to present the components of net income and other comprehensive income either as one continuous statement or as two consecutive statements. It eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity. The standard does not change the items, which must be reported in other comprehensive income. These provisions are to be applied retrospectively and will be effective for us as of January 1, 2012. Because this guidance impacts presentation only, it has no effect on our financial condition, results of operations or cash flows.

In May 2011, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2011-04, “Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS”. This update defines fair value, clarifies a framework to measure fair value and requires specific disclosures of fair value measurements. The guidance is effective for interim and annual reporting periods beginning after January 1, 2012 and is required to be applied retrospectively. The adoption of this guidance did not have a material impact on

Company’s consolidated financial position or results of operations.

In April 2011, the Financial Accounting Standards Board (the "FASB") issued new accounting guidance that addresses effective control in repurchase agreements and eliminated the requirement for entities to consider whether the transferor/seller has the ability to repurchase the financial assets in a repurchase agreement. This new accounting guidance was effective, on a prospective basis, for new transactions or modifications to existing transactions, on January 1, 2012. The adoption of this guidance did not have a material impact on Company's consolidated financial position or results of operations.

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NOTE 3 – OTHER CURRENT AND NON-CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	Period Ended September 30, 2013	Year Ended March 31, 2013
Prepaid /preliminary expenses	$ 171	$ 3,053
Advance to suppliers & services	559,288	737,199
Security/statutory advances	51,455	65,369
Advances to employees*	1,000,755	905,219
Prepaid /accrued interest	655	2,825
Deposit and other current assets	29,497	16,849
Total	$ 1,641,821	$ 1,730,514

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

Other non-current assets consist of the following:

	Period Ended September 30, 2013	Year Ended March 31, 2013
Sundry Debtors - aged more than 1 year	$	$11,318
Other Advance - aged more than 1 year	396,117	454,787
Total	$ 396,117	$466,105

NOTE 4 – ACCOUNTS RECEIVABLES

The accounts receivable, net of allowances, amounted to $985,743 and $1,066,650, as of September 30, 2013 and March 31, 2013, respectively. The accounts receivable net of reserves for the quarter ended September 30, 2013 comes primarily from iron ore traders associated with our iron ore business. The Company maintains an allowance for doubtful accounts based on present and prospective financial condition of the customer and the inherent credit risk. Accounts receivable are not collateralized.

NOTE 5 – SHORT-TERM BORROWINGS

There is no current portion of long-term debt that is classified as short-term borrowings an there are no short-term borrowings for either fiscal year ended March 31, 2013 or fiscal quarter ended September 30, 2013.

NOTE 6 – OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current liabilities consist of the following:

	Period Ended	Year Ended March 31, 2013

	September 30, 2013		
Statutory payables	$	3,851	$ 18,139
Employee related liabilities		40,401	49,751
Other liabilities /expenses payable		177,226	242,729
Total	$	221,478	$ 310,619

Other non-current liabilities consist of the following:

	Period Ended September 30, 2013		Year Ended March 31, 2013
Creditors - old	$	38,383	$ 51,864
Special reserve		610,337	601,524
Total	$	648,720	$ 653,388

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

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NOTE 7 – 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 8 – INTANGIBLE ASSETS AND GOODWILL

The movement in intangible assets and goodwill is given below.

	Period Ended September 30, 2013	Year Ended March 31, 2013
Balance at the beginning of the period	$ 592,274	4803828
Adjustment form Ironman acquisition		$ (3,849,877)
Impairment of goodwill		$ (301,141)
Effect of foreign exchange translation	$ 17,622	(60,536)
Total	$ 609,896	592,274

NOTE 9 – NOTES PAYABLE AND LOANS - OTHERS

As reported previously, the Company has an unsecured Note Payable to Bricoleur Partners, L. P. in the amount of $1,800,000 promissory note ("2012 Security"), due July 31, 2014. Contractually the Company makes a penalty payment (booked under interest payment) of 17,100 shares of common stock for each month the loan remains unpaid. No other "interest" payment is made on the loan.

One of our previous directors has loaned the Company, on an unsecured basis, working capital of $40,000 at 10% annual interest payable on April 25, 2014. The Company has two loans with a commercial bank the first is for $100,000 at an interest rate of 3.75% the second is for $150,000 at an interest rate of 3.25%. Both loans are revolving interest only loans guaranteed by our CEO.

NOTE 10 – RELATED PARTY TRANSACTIONS

Please also see Note 9 - NOTES PAYABLE AND LOANS - OTHERS.

NOTE 11 – COMMITMENTS AND CONTINGENCY

No significant commitments and contingencies were made or incurred during the three months ended September 30, 2013.

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Category	Useful Life (years)	Period Ended September 30, 2013	Year Ended March 31, 2013
Land	N/A	$ 12,069	$ 12,069
Building (flat)	25	1,292,645	1,328,413

Plant and machinery	20		9,367,716		9,396,659
Computer equipment	3		216,616		217,659
Office equipment	5		165,216		166,924
Furniture and fixtures	5		120,275		121,943
Vehicles	5		566,766		569,352
Assets under construction	N/A		4,335,245		4,288,469
Total		$	16,076,548	$	16,101,488
Less: Accumulated depreciation		$	(8,078,821)	$	(7,917,258)
Net Assets		$	7,997,727	$	8,184,230

Depreciation and amortization expense for the six months ended September 30, 2013 and 2012 was $297,144 and $328,719, 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.

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NOTE 13 – 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. In fiscal year ended March 31, 2013 the Company issued 625,148 shares of common stock. As of September 30, 2013, under the 2008 Omnibus Plan, 269,345 stock options and 779,103 shares of common stock have been awarded. As of September 30, 2013, no shares of common stock remain available for future grants of options or stock awards. Disclosures relating to the common shares and options and warrants reflect a 10:1 reverse split that was effected on April 19, 2013.

NOTE 14 – COMMON STOCK

Currently, the Company has two securities listed on the NYSE MKT: (1) Common Stock, $.0001 par value (ticker symbol: IGC) ("Common Stock") and (2) redeemable warrants to purchase Common Stock (ticker symbol: IGC.WT). As reported on Form 8-K on February 5, 2013, the Company voluntarily delisted the 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 share of Common Stock at an exercise price of $5.00. The warrants expire on March 6, 2015.

The registration statement for the initial public offering was declared effective on March 2, 2006.

Effective March 31, 2013, 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, to extend the maturity date of the 2012 Security from December 31, 2012 to July 31, 2014. During the quarter ended September 30, 2013, the Company issued 51,300 shares valued at $ $65,493 to this debt holder, which constituted an element of repayment of interest.

During the three months ended September 30, 2013, the Company also issued 6,000 shares of Common Stock to Medical Marketing Group (MMGI) valued at $ 9,600 for investor relations related services rendered.

On August 22, 2013, IGC entered into an At The Market ("ATM") Agency Agreement with Enclave Capital LLC. Under the ATM Agency Agreement, IGC may offer and sell shares of our common stock having an aggregate offering price of up to $4 million from time to time. Sales of the shares, if any, will be made by means of ordinary brokers' transactions on the NYSE MKT at market prices, or as otherwise agreed with Enclave. The Company estimates that the net proceeds from the sale of the shares of common stock that are being offered will be approximately $3.6 million. 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 three months ended September 30, 2013, the Company issued 246,462 shares of common stock valued at $201,998 under this agreement.

Further, pursuant to IGC's employee stock option plan, the Company has issued 269,345 stock options at an average exercise price of $7.80, all of which are outstanding as of September 30, 2013. The Company has also issued a total of 146,073 shares to some of its directors and employees. As of September 30, 2013, IGC has 7,481,426 shares of Common Stock issued and outstanding. Disclosures relating to the common shares and options and warrants reflect a 10:1 reverse split that was effected on April 19, 2013.

NOTE 15 – 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 the quarter ending September 30, 2013 compared to 6.3% for the quarter ended September 30, 2012. The Company has US deferred tax assets which have been offset by valuation allowance because of historical and expected losses. As the Company reverses its losses and becomes profitable, we will reassess the likelihood of recovering a portion or all of the deferred tax assets. The remaining balance of deferred tax assets, which appear on the balance sheet, are from foreign based operations in which utilization is highly probable in offsetting future foreign income taxes.

The Company recorded an income tax expense of ($1,507) resulting from operational results of its foreign entities for the three-month period ending September 30, 2013 as compared to a tax expense of $9,735 for the three month period ended September 30, 2012. As of September 30, 2013 and 2012, there was no significant liability for income tax associated with unrecognized tax benefits.

NOTE 16 – 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.

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NOTE 17 – INVESTMENTS – OTHERS

Investments – others for each of the periods ended September 30, 2013 and March 31, 2013 consist of the following:

	Period Ended September 30, 2013	Year Ended March 31, 2013
Investment in equity shares of an unlisted company	$ 47,939	$ 55,026
Investment in partnership		28,463
Total	$ 47,939	$ 83,489

NOTE 18 – OTHER INCOME

Other income for the three-month and six-month period ended September 30, 2013 contains certain foreign exchange gains/losses arising on account of re-measurement of certain intercompany receivables between the U.S. holding company and the foreign subsidiaries. The total foreign exchange loss for the three-month and six-month periods ended September 30, 2013 amounted to ($121,985) and ($355,760) respectively.

NOTE 19 – IMPAIRMENT

No impairment was made on the Company's investments during the fiscal quarter ended September 30, 2013.

NOTE 20 – RECONCILIATION OF EPS

The historical weighted average per share for our shares through September 30, 2013, was applied using the treasury method of calculating the fully diluted shares. The weighted average number of shares outstanding as of September 30, 2013 and 2012 used for the computation of basic EPS is 7,116,180 and 6,006,174, respectively. Due to the loss incurred during the three-month the period ending September 30, 2013, all of the potential equity shares are anti-dilutive and accordingly, the fully diluted EPS is equal to the basic EPS. Disclosures relating to the common shares and options and warrants reflect a 10:1 reverse split that was effected on April 19, 2013.

NOTE 21 – CERTAIN AGED RECEIVABLES

The receivable and other assets as of September 30, 2013 and March 31, 2013, include certain aged receivables in the amount of $0.5 million. The aged receivables in fiscal year ended March 31, 2013 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, 2013. Receivables have been classified as current because the arbitration process has concluded and ruling was given in our favor.

NOTE 22 – SUBSEQUENT EVENTS

None.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes that appear elsewhere in this Quarterly Report on Form 10-Q, and the Annual Report filed on Form 10-K on July 16, 2013. 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 below and elsewhere in Part II, Item 1A of this Quarterly Report on Form 10-Q, as well as in our Annual Report on Form 10-K filed on July 16, 2013, including the risk factors set out in Item 1A therein. Therefore, the financial statements included in the Report 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, 2013 filed with the SEC on July 16, 2013.

Company Overview

We operate as a materials and infrastructure company in India and China. In India we engage in supplying and trading iron ore and in leasing construction equipment, and to a lesser extent constructing roads, highways and supply rock aggregate. In China we own and operate iron ore beneficiation plants and iron ore mines, and supply iron ore to steel mills, specifically in Inner Mongolia. We operate a shipping hub, at the border of China and Mongolia.

Our plan is to build a large portfolio of iron ore assets by consolidating, through acquisitions, the fragmented iron ore sector in mineral rich Inner Mongolia and neighboring parts of Mongolia. This plan includes acquiring interests, for a combination of stock and cash, both operating mines and mines that are past the exploration stage and in the final stages of obtaining a mining license. We believe that we have a unique and exciting opportunity and strategic positioning to build a sizable asset base and create sustainable value for our shareholders.

Subsidiaries Overview

HK Ironman is a Hong Kong-based company incorporated on December 20, 2010 to acquire PRC Ironman. PRC Ironman was incorporated as Linxi Hefei Economic & Trade Co., Ltd. in China on January 8, 2008. PRC Ironman is a Sino-foreign equity joint venture ("EJV") established by both foreign and Chinese investors (i.e., Sino means "China" herein). HK Ironman owns 95% of PRC Ironman. PRC Ironman is engaged in the processing and extraction of iron ore from sand and dirt at its beneficiation plants in southwest Linxi in the autonomous region of eastern Inner Mongolia, under the administration of Chifeng City, Inner Mongolia, an area well connected by roads, planes and railroad. PRC Ironman owns four mining properties and operates three beneficiation plants on three separate properties, all located in Linxi. The four properties have an estimated $500 Million of iron reserves calculated at price of about $125 per metric ton.

Incorporated on February 19, 2007, India Globalization Capital, Mauritius, Limited (IGC-M) is a Mauritius based company that manages and owns all the subsidiaries based in India: IGC Materials, Private Limited ("IGC-MPL"), IGC Logistics, Private Limited ("IGC-LPL"), IGC India Mining and Trading ("IGC-IMT") and Techni Bharathi Limited ("TBL"). The Indian subsidiaries including IGC-IMT are focused on the trading of materials like iron ore to customers in India and China. TBL was incorporated on June 19, 1982, in Cochin, India. TBL is an engineering and construction company engaged in the execution of civil construction, structural engineering projects, and trading. TBL has a focus in the Indian states of Kerala, Karnataka, and Tamil Nadu. On March 31, 2013 TBL became a fully-owned subsidiary of IGC.

On January 21, 2013, we incorporated IGC HK Mining and Trading Limited ("IGC-HK") in Hong Kong. IGC-HK is a wholly owned subsidiary of IGC-Mauritius. This incorporation is part of our internal re-alignment and tax planning.

Also, through IGC-HK, we controlled and beneficially owned 95% of IGC Linxi Industrial and Trading Limited ("Linxi -IGC"), a company incorporated on May 24, 2013.

Results of Operations

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Revenue - Total revenue was $1,134 thousand for the three months ended September 30, 2013 as compared to $1,351 thousand for the three months ended September 30, 2012. The revenue was from trading iron ore. The mines in India are still closed. However, we have begun to operationalize the first of our three plants in Inner Mongolia. We expect this to drive revenue and margin. Our expectation is that revenue and margins will rise as iron ore prices trend up from increased infrastructure activity in China, India, the U.S. and other parts of the world.

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Cost of Revenue (excluding depreciation) – Cost of revenue for the three months ended September 30, 2013 was $943 thousand as compared to $1,108 thousand for the three months ended September 30, 2012. The cost of revenue represents the cost of acquiring raw material and logistics, which was higher as supply was mostly constrained. Once our mines become operational and we sell ore that is beneficiated in our plants, we expect the cost of revenue to decrease as the raw material used to procure high-grade ore will come from our mines.

Selling, General and Administrative - Selling, general and administrative expenses were $475 thousand for the three months ended September 30, 2013 as compared to $342 thousand for the three months ended September 30, 2012. The increase in SG&A is from the expense associated with the grant of ESOP shares.

Depreciation – The depreciation expense was $148 thousand in the three months ended September 30, 2013 as compared to $245 thousand in the three months ended September 30, 2012. The decrease in depreciation is due to the completion of depreciation of some major construction equipment.

Interest and other financial expenses – The interest expense and other financial expenses for the three months ended September 30, 2013 were $69 thousand as compared to $16 thousand for the three months ended September 30, 2012. The increase in interest is largely from a monthly non-cash payment to Bricoleur.

Other income (loss) – Other income net loss of ($115) for the three month period ended September 30, 2013 contains certain foreign exchange gain/losses arising on account of re-measurement of certain intercompany receivables between the US holding company and the foreign subsidiaries. The total foreign exchange loss/gain for the three-month period ended September 30, 2013 and September 30, 2012 amounts to ($122) thousand, and ($199) thousand respectively. The losses/gains are attributable largely to the depreciation/appreciation of the Indian rupee against the USD and are considered foreign exchange losses/gain.

Consolidated Net Income (loss) – In the three months ended September 30, 2013, the Company reported a GAAP net income loss of ($615 thousand) and a GAAP EPS of ($0.09) compared to a GAAP net income loss of ($143) thousand and a GAAP EPS of ($0.02) for the three months ended September 30, 2012. The increased loss is attributable to three non-cash factors: 1) increased interest payment, 2) increased SG&A from the grant of ESOP shares, and 3) foreign exchange losses.

Six Months Ended September 30, 2013 Compared to Six Months Ended September 30, 2012

Revenue - Total revenue was approximately $2,257 thousand for the six months ended September 30, 2013, as compared to about $2,619 thousand for the six months ended September 30, 2012. The revenue was from trading iron ore. In India the mines remained closed. However, in Inner Mongolia we have begun the operationalization of the first of our three plants. Iron ore prices should trend up from increased infrastructure activity in China, India, the U.S. and other parts of the world. Our expectation is that revenue and margins will rise as a result of the iron ore’s price positive trend.

Cost of Revenue (excluding depreciation) – Cost of revenue for the six months ended September 30, 2013 was approximately $1,880 thousand as compared to approximately $2,046 thousand for the six months ended September 30, 2012. The cost of revenue represents the cost of acquiring raw material and logistics, which was higher during this period as supply was mostly constrained. We expect the cost of revenue to decrease once our mines become operational. The raw material used to procure the high-grade ore we will sell will come from our mines and beneficiation plants.

Selling, General and Administrative - Selling, general and administrative expenses were about $774 thousand for the six months ended September 30, 2013 as compared to approximately $783 thousand for the six months ended

September 30, 2012.

Depreciation – The depreciation expense was approximately $297 thousand in the six months ended September 30, 2013 as compared to about $329 thousand in the six months ended September 30, 2012. The decrease in depreciation is due to the completion of depreciation of some major construction equipment.

Interest and other financial expenses – The interest expense and other financial expenses for the six months ended September 30, 2013 were about $181 thousand as compared to approximately $26 thousand for the six months ended September 30, 2012. The increase in interest is mainly the result of a monthly basis non-cash payment to Bricoleur.

Other income (loss) – Other income for the six month period ended September 30, 2013 contains certain foreign exchange gain/losses arising on account of re-measurement of certain intercompany receivables between the US holding company and the foreign subsidiaries. The total foreign exchange loss/gain for the six-month period ended September 30, 2013 and September 30, 2012 amounts to $356 thousand, and $176 thousand respectively. The losses/gains are attributable largely to the depreciation/appreciation of the Indian rupee against the USD and are considered foreign exchange losses/gain.

Consolidated Net Income (loss) – Consolidated net loss for the six months ended September 30, 2013 was approximately ($1,248) thousand compared to a consolidated net loss of about ($706) thousand for the six months ended September 30, 2012. The increased loss is attributable to three non-cash factors: 1) increased interest payment, 2) increased SG&A from the grant of ESOP shares, and 3) foreign exchange losses.

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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, 2013 and 2012.

During the six months ended September 30, 2013, cash used in operating activities was $416 thousand compared to $236 thousand used during the six months ended September 30, 2012.

During the six months ended September 30, 2013, investing activities from continuing operations provided $202 of cash as compared to $313 thousand provided during the same period in 2012.

For the three-month period ended September 30, 2013, our non-GAAP cash burn was approximately $127 thousand after adjusting for $148 thousand of depreciation, $122 thousand of non-cash foreign exchange loss and $69 thousand of non-cash interest payment and $150 thousand ESOP shares issuance expense.

At the end of September 30, 2013, our cash and cash equivalents along with restricted cash was $726,768.

Critical Accounting Policies

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

Forward-Looking Statements

We believe that some of the information in this report constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as “may,” “will,” “should”, “believes,” “expects,” “intends,” “anticipates,” “thinks,” “plans,” “estimates,” “seeks,” “pred similar words or the negative of these words or other variations on these words or comparable terminology. You should read statements that contain these words carefully because they discuss future expectations, contain projections of future results of operations or financial conditions or state or other forward-looking information. Forward-looking statements are based on certain assumptions and expectations of future events. IGC cannot guarantee that these assumptions and expectations are accurate or will be realized. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions.

Many factors, including those discussed more fully in documents filed with the Securities and Exchange Commission, which we refer to as the SEC, by IGC, particularly under the heading “Risk Factors” in Part 1, Item 1A of the Company’s Annual Report on Form 10-K and other risk factors reported elsewhere in this report, could cause results to differ materially from those stated. While we believe it is important to communicate our expectations to our stockholders, there may be events in the future that we are not able to predict or over which we have no control. The risk factors and cautionary language discussed in this report provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in our forward-looking statements, including among other things:

· The growth in global and specifically Asian GDP and more specifically infrastructure and the overall demand for iron ore;

- Competition in the iron ore sector;
- Legislation by the governments of India, China and Mongolia;
- Labor, trucking, and other logistic issues;
- Unanticipated cash requirements to support current operations, expand our business or incur capital expenditures;
- The loss of key management or scientific personnel;
- The activities of our competitors in the industry;
- The effect of volatility of currency exchange rates; and
- Enactment of new government laws, regulations, court decisions, regulatory interpretations or other initiatives that are adverse to us or our interests.

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You should be aware that the occurrence of the events described in the "Risk Factors" section mentioned above and elsewhere in this report, could have a material adverse effect on our business, financial condition and results of operations. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. All forward-looking statements included herein attributable to us or any person acting on either party's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events. Any forward-looking statement made by us in this report speaks only as of the date on which we make it.

The information contained in this report identifies important factors that could adversely affect actual results and performance. All forward-looking statements attributable to us are expressly qualified in their entirety by the foregoing cautionary statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

Pursuant to Item 305(e) of Regulation S-K (§ 229.305(e)), the Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined by Rule 229.10(f)(1).

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 supervision and with the participation of the chief executive officer and its interim chief financial officer, 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, as amended (Exchange Act). Based upon that evaluation, our chief executive officer and interim chief financial officer 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 principal executive and interim principal financial officers, 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, 2013 which were identified in conjunction with Management's evaluation required by paragraph (d) of Rule 13a-15 and 15d-15 under the Exchange Act that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceedings against the Company.

Item 1A. Risk Factors

There have not been any material changes with regard to the risk factors previously disclosed in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2013 other that the risk added on Form 10-Q for the fiscal quarter ended June 30, 2013:

Restructuring of our holdings in China may result in a charge.

We are in the process of evaluating and restructuring our holdings in Inner Mongolia. This may result in a small charge into the Income Statement.

Item 2. Unregistered Sales of Equity Securities

There were no unregistered securities sold by us during the quarter ended September 30, 2013.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, as filed on August 6, 2012).
3.2	By-laws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1, as amended and filed on February 14, 2006 (Reg. No. 333-124942)).
31.1	Certification of Chief 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 Chief 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 Chief 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 Chief 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 as an exhibit hereto.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INDIA GLOBALIZATION CAPITAL, INC.

Date: November 8, 2013 By: /s/ Ram Mukunda
Ram Mukunda
Chief Executive Officer and President
(Principal Executive Officer)

Date: November 8, 2013 By: /s/ Daniel Ngai
Daniel Ngai
Interim Treasurer, Principal Financial and
Accounting Officer