

India Globalization Capital, Inc.
Form 10-Q
February 10, 2010

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 December 31, 2009
- Transition report under Section 13 or 15(d) of the Exchange Act of 1934.

Commission file number 000-1326205

INDIA GLOBALIZATION CAPITAL, INC.
(Exact name of small business issuer in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

20-2760393
(I.R.S. Employer Identification No.)

4336 Montgomery Ave. Bethesda, Maryland 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
Units, each consisting of one share of Common Stock and two Warrants	NYSE Amex
Common Stock	NYSE Amex
Common Stock Purchase Warrants	NYSE Amex

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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. Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

Indicate the number of shares outstanding for each of the issuer’s classes of common equity as of the latest practicable date.

Class	Shares Outstanding as of December 31, 2009
Common Stock, \$.0001 Par Value	12,898,291

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India Globalization Capital
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2009

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PART I - Financial Information

Item 1. Financial Statements

India Globalization Capital, Inc.
CONSOLIDATED BALANCE SHEETS

	December 31, 2009 (unaudited)	March 31, 2009 (audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,079,706	\$ 2,129,365
Accounts Receivable	5,648,811	9,307,088
Unbilled Receivables	0	2,759,632
Inventories	2,124,836	2,121,837
Prepaid taxes	88,683	88,683
Restricted cash	215,517	
Prepaid expenses and other current assets	2,113,766	2,801,148
Due from related parties	3,675,599	290,831
Total Current Assets	15,946,918	19,498,584
Property and equipment, net	1,141,709	6,601,394
Accounts Receivable – Long Term	0	2,769,196
Goodwill	6,931,307	17,483,501
Investments in Affiliates	8,172,475	0
Other Investments	64,655	70,743
Deposits towards acquisitions	334,236	261,479
Restricted cash, non-current	1,627,656	1,430,137
Deferred tax assets, net of valuation allowance	972,493	898,792
Other Assets	773,984	2,818,687
Total Assets	\$ 35,965,433	\$ 51,832,513
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 924,495	\$ 3,422,239
Trade payables	4,020,618	462,354
Advance from Customers	0	206,058
Accrued expenses	469,806	555,741
Taxes payable	76,569	76,569
Notes Payable	4,120,000	1,517,328
Due to related parties	1,339,010	1,214,685
Other current liabilities	114,134	1,991,371
Total current liabilities	\$ 11,064,632	\$ 9,446,345
Long-term debt, net of current portion	69,174	1,497,458
Deferred taxes on income	0	590,159
Other liabilities	1,332,359	2,440,676
Total Liabilities	\$ 12,466,165	\$ 13,974,638
COMMITMENTS AND CONTINGENCY		
STOCKHOLDERS' EQUITY		

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Common stock — \$.0001 par value; 75,000,000 shares authorized; 12,898,291 issued and outstanding at December 31, 2009 and issued and 10,091,171 outstanding at March 31, 2009.	1,291	1,009
Additional paid-in capital	36,534,929	33,186,530
Retained Earnings (Deficit)	(11,954,396)	(4,662,689)
Accumulated other comprehensive (loss) income (AOCI)	(2,721,057)	(4,929,581)
Total stockholders' equity	21,860,767	23,595,269
Non-controlling Interest	1,638,501	14,262,606
Total liabilities and stockholders' equity	\$ 35,965,433	\$ 51,832,513

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

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India Globalization Capital, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
Revenue:	\$ 5,909,024	\$ 3,836,428	13,994,503	\$ 32,263,680
Cost of revenue:	(5,326,393)	(2,902,431)	(11,829,440)	(23,948,382)
Gross Profit	582,631	933,996	2,165,063	8,315,299
Selling, General and Administrative	(3,049,603)	(2,135,267)	(4,446,137)	(4,224,524)
Depreciation	(101,991)	(212,527)	(519,812)	(679,835)
Total operating expenses	(3,151,594)	(2,347,794)	(4,965,949)	(4,904,359)
Operating income (loss)	(2,568,963)	(1,413,798)	(2,800,886)	3,410,939
Compensation Expense	(123,139)		(123,139)	
Other income (expense):				
Interest and other income	40,884	137,663	146,477	324,062
Interest expense	(252,619)	(442,265)	(1,019,687)	(1,244,350)
Amortization of debt discount	(178,218)		(178,218)	
Total other income (expense)	(389,953)	(304,602)	(1,051,428)	(920,288)
Equity in (gain) loss of affiliates	16,446		16,446	
Income before extraordinary items and income taxes	(3,065,609)	(1,718,400)	(3,959,007)	2,490,651
(Provision) benefit for income taxes	103,281	(565,885)	(54,486)	(1,928,490)
Income before extraordinary items	(2,962,328)	(2,284,285)	(4,013,493)	562,161
Extraordinary items:				
Loss on dilution of stake in Sricon	(3,205,616)		(3,205,616)	
Consolidated Net Income	(6,167,944)	(2,284,285)	(7,291,709)	562,161
Net Income attributable to non-controlling interest	(7,574)	550,207	(72,599)	(936,996)
Net income (loss) attributed to controlling interest	\$ (6,175,518)	\$ (1,734,078)	\$ (7,291,708)	\$ (374,835)
Weighted average number of shares outstanding:				
Basic	12,898,291	8,780,107	12,898,291	8,780,107
Diluted	13,559,184	8,780,107	13,559,184	8,780,107
Net income per share:				
Basis	\$ (0.48)	\$ (0.20)	\$ (0.56)	\$ (0.04)
Diluted	\$ (0.45)	\$ (0.20)	\$ (0.54)	\$ (0.04)

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

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India Globalization Capital, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

	Three Months Ended 31-Dec-09	Three Months Ended 31-Dec-08	Nine Months Ended 31-Dec-09	Nine Months Ended 30-Dec-08
Net income / (loss)	\$ (6,175,518)	\$ (1,734,078)	\$ (7,291,708)	\$ (374,835)
Foreign currency translation adjustments	2,167,829	(746,217)	3,357,114	(4,119,684)
Deconsolidation of Sricon	(1,148,591)		(1,148,591)	
Comprehensive income (loss)	\$ (5,156,280)	\$ (2,480,295)	\$ (5,083,185)	\$ (4,494,519)

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India Globalization Capital, Inc.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(unaudited)

	Common Stock		Additional	Accumulated	Accumulated	Non	Total	
	Shares	Amount	Paid-in	Retained	Other	Controlling	Stockholders'	Comprehensive
			Capital	Earnings	Income	Interest	Equity	Income
				(Deficit)	/ Loss			
Balance at March 31, 2009	\$ 10,091,171	\$ 1,009	\$ 33,186,530	\$ (4,662,689)	\$ (4,929,581)	\$ 14,262,606	\$ 37,857,875	\$
Stock Option for 1413000 grants			90,997				90,997	
Issue of 78820 common stock	78,820	8	39,402				39,410	
Issue of Common Stock for Red Chip Companies @ .88 per share in Sep 09	15,000	2	13,198				13,200	
Issuance of 1599000 shares @ 1.25 per share	1,599,000	160	1,638,690				1,638,850	
Loss of translation					1,189,286		1,189,286	1,189,286
Net Income for non controlling interest						65,025	65,025	
Net Income (Loss)				(1,116,189)			(1,116,189)	(1,116,189)
Balance at September 30, 2009	11,783,991	1,179	34,968,817	(5,778,878)	(3,740,295)	14,327,631	39,778,454	73,097
Issue of 51000 common stock @ 1.60 per share	51,000	5	81,595				81,600	
Issue of 3300 common stock @ 1.58 per share	3,300	1	5,054				5,055	
Issue of 530,000 common stock to Bricoleur Capital	530,000	53	811,528				811,582	
Issue of 530,000 common stock to Oliviera	530,000	53	667,936				667,989	
					2,167,829		2,167,829	2,167,829

Loss on translation									
Impact of de-consolidation of Sricon				(1,148,591)		(1,148,591)		(1,148,591)	
Elimination of non controlling interest pertaining to Sricon					(12,696,704)	(12,696,704)			
Net Income for non controlling interest					7,574	7,574			
Net /Income (Loss)				(6,175,518)		(6,175,518)		(6,175,518)	
Rounding Difference								(2)	
Balance at December 31, 2009	\$ 12,898,291	\$ 1,291	\$ 36,534,930	\$ (11,954,396)	\$ (2,721,057)	\$ 1,638,501	\$ 23,499,270	\$ (5,083,185)	

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

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India Globalization Capital, Inc.
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

	Nine months ended	
	December 31, 2009	December 31, 2008
Cash flows from operating activities:		
Net income	\$ (7,291,708)	\$ (374,835)
Adjustment to reconcile net income to net cash used in operating activities:		
Non-cash compensation & interest expense	375,758	450,850
Deferred taxes	(68,699)	222,873
Depreciation	519,812	679,835
Loss/(Gain) on sale of property, plant and equipment	0	(50,905)
Amortization of debt discount	178,219	2,652
Deferred acquisition costs written-off	1,854,750	&#