

India Globalization Capital, Inc.
Form S-3/A
March 19, 2015

As filed with the U.S. Securities and Exchange Commission on March 19, 2015

Registration Statement No. 333-201822

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

AMENDMENT No. 3 to
FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INDIA GLOBALIZATION CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

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

4336 Montgomery Avenue
Bethesda, Maryland 20814
Tel.: (301) 983-0998

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Ram Mukunda
President and Chief Executive Officer
India Globalization Capital, Inc.
4336 Montgomery Avenue
Bethesda, Maryland 20814
Tel.: (301) 983-0998

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

THIS REGISTRATION STATEMENT SHALL HEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH THE PROVISIONS OF SECTION 8(a) OF THE SECURITIES ACT OF 1933.

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\$20,000,000
Common Stock
Warrants
Units

This prospectus relates to common stock, warrants and units that we may sell from time to time in one or more offerings up to a total dollar amount of \$20,000,000 on terms to be determined at the time of sale. We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest. This prospectus may not be used to offer and sell securities unless accompanied by a prospectus supplement for those securities.

Our common stock is listed for trading on the NYSE MKT under the symbol IGC. The closing price for our common stock on March 17 , 2015, as reported by the NYSE MKT, was \$0.48 per share.

These securities may be sold directly by us, through dealers or agents designated from time to time, to or through underwriters or through a combination of these methods. See "Plan of Distribution" in this prospectus. We may also describe the plan of distribution for any particular offering of these securities in any applicable prospectus supplement. If any agents, underwriters or dealers are involved in the sale of any securities in respect of which this prospectus is being delivered, we will disclose their names and the nature of our arrangements with them in a prospectus supplement. The net proceeds we expect to receive from any such sale will also be included in a prospectus supplement.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 4.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April [] , 2015

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Important Notice about the Information Presented in this Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus or any applicable prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. For further information, see the section of this prospectus entitled “Where You Can Find More Information.” We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should not assume that the information appearing in this prospectus or any applicable prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus or the applicable prospectus supplement, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any prospectus supplement or any sale of common stock. Our business, financial condition, results of operations and prospects may have changed since such dates.

EXPLANATORY NOTE

This Amendment No. 3 is being filed primarily for the purpose of deleting certain language on the cover page of the Registration Statement in the form previously filed in order to comply with Rule 473(b) of Regulation C under the Securities Act of 1933.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, or the SEC, using a “shelf” registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$20,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the securities being offered and the terms of that offering. The prospectus supplement may also add to, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading “Where You Can Find More Information” carefully before making an investment decision.

ABOUT IGC

Overview of Our Business

We are engaged in acquiring, incubating, financing and growing companies in multiple industries and locations. In India, we engage in trading iron and leasing construction equipment. In Hong Kong, through a subsidiary, we trade commodities and electronic components. In the United States, we have interests in indoor vertical farming technology projects that may be converted from growing leafy green vegetables to growing cannabis, when and where it is legal to do so. We also entered into an agreement to acquire Midtown Partners, LLC, a broker-dealer based in New York City.

Our short-term plans are to drive cash flow by:

- expanding the equipment rental business to several states in India,
- expanding the trading business in Hong Kong, and
- positioning for a leadership position in the legal cannabis industry in the United States.

Our medium-term plans are to acquire companies or management that can help us expand and diversify our assets to some of the areas that we have identified, including legal cannabis and solar energy. Our long-term plans are to increase our commitment to our existing leasing business in India, and increase our commitment to new industries, such as legal cannabis and indoor farming, and eventually decrease our exposure to the iron ore business based in China.

Our strategy for the legal cannabis industry includes positioning the company in areas where we have a strategic advantage and can leverage our international presence. These strategies include creating a portfolio of marijuana and hemp based patents as well as partnering to create and file for FDA approval of cannabinoid-based drugs for compassionate use.

Historical Background and Corporate Structure

We are a Maryland corporation that was 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 Private 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, as per a Memorandum of Settlement with Sricon and related parties, IGC received approximately five acres of land in Nagpur, India, valued at approximately \$4 million in exchange for the 22% minority interest we had in Sricon. The registration formalities for the land are expected to be completed by the end of calendar year 2014.

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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.” The parties are evaluating a number of strategic options with respect to Ironman, including a licensing arrangement, a strategic alliance, dividing the plants and/or terminating the entire arrangement. As of this filing, we have made no final determination on this matter, but we continue to explore ways to maximize shareholder value.

In January 21, 2013, we incorporated IGC HK Mining and Trading Limited (“IGC-HK”) in Hong Kong. IGC-HK is a wholly-owned subsidiary of IGC-M. In September 2014, we changed the subsidiary’s name to IGC Cleantech (“IGC-CT”) to align our resources to fulfill our new ventures.

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

On December 18, 2014, we entered into a Purchase Agreement with Apogee Financial Investments, Inc. (“Apogee”), the previous sole owner of the outstanding membership interests of Midtown Partners & Co., LLC, a Florida limited liability company registered as a broker-dealer under the Securities Exchange Act of 1934 (“Midtown Partners”), and acquired, in an initial closing, 24.9% of the outstanding membership interests in Midtown Partners. In consideration of the initial membership interests, we issued to Apogee 1,200,000 shares of our common stock (subject to downward adjustment based on certain fourth quarter 2014 financial statement matters). Following the receipt of all required SEC, FINRA and other regulatory approvals, we have agreed to acquire, in a final closing, the remaining 75.1% of the outstanding membership interests in Midtown Partners in consideration of our issuance to Apogee of an additional 700,000 shares of our common stock (subject to downward adjustment based on certain financial statement matters prior to the final closing).

Our organizational structure is as follows:

Growth and Expansion Strategy

In March 2014, we announced that we have commenced a comprehensive review of potential acquisition candidates as part of our previously stated diversification mandate. Our Board approved several efforts to increase shareholder value, outlining our growth and expansion strategy as follows:

- We plan to become a company with diverse businesses where mining, materials and the acquisition of distressed mining assets will be just one of several expected business lines. We are and have been for some time a company with diverse assets. We have an equipment leasing business in India and we trade commodities and electronics in

Hong Kong.

- Our Board believes that a business that is only dependent on the sale of iron ore to China is not prudent. Accordingly, an expansion to other opportunities, some cyclically distressed and some part of the new economy would de-risk our current holdings and drive stockholder value. We are therefore planning to expand into areas such as legal cannabis and medicinal use of cannabinoids.

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Exposure to Legal Cannabis Industry

In addition to our existing interests in indoor vertical farming technology that has the potential to being applied to growing cannabis, our recent acquisition of Midtown Partners, an investment bank and securities brokerage firm that plans to be involved in furnishing investment advice with respect to public companies that engage generally in the business of producing or selling marijuana or offering related products, extends our exposure to the legal cannabis industry. Midtown Partners plans, among other things, to hold broker-dealer conferences inviting companies that are in the hemp and marijuana industry. These companies are primarily in businesses that are incidental to the cultivation and sale of marijuana. Pharmaceutical companies, nutraceutical companies, producers of hemp products, HVAC environmental control systems, software for tracking companies and firms that produce lights are all examples of legal businesses that would be invited to the conferences. These are also companies on which Midtown Partners' analysts would write research reports and produce industry pieces. As part of Midtown Partners' broad financial services business, we expect to position Midtown Partners as the first broker-dealer to focus its consumer segment on equity research, capital markets and investment banking in the emerging legal cannabis industry.

In the face of our business plan and many other companies' plans, marijuana remains illegal under the federal Controlled Substances Act. It is a schedule-I controlled substance. Even in those jurisdictions in which the production and use of medical marijuana has been legalized at the state level, its prescription is a violation of federal law. The U.S. Supreme Court has ruled in *United States v. Oakland Cannabis Buyers' Coop.* and *Gonzales v. Raich* that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, federal law criminalizing the production and use of marijuana trumps state laws that legalize its production and use for medicinal purposes and, in some cases, recreational purposes. At present, multiple states are continuing to advance their own interests against the federal government by maintaining existing marijuana laws and many other states are reviewing possible legislation in this area. This may be partly because the current presidential administration has made a policy decision to allow states to implement these laws and not prosecute anyone operating in accordance with applicable state law.

Because we and Midtown Partners do not market, sell, dispense, cultivate or produce marijuana or marijuana-related products, we do not believe that we or Midtown Partners will be deemed to be facilitating the sale or distribution of marijuana in violation of the federal Controlled Substances Act or similar state statutes.

Further, because Midtown Partners plans to provide general investment advice that is not intended or designed to facilitate the manufacture or production of cannabis, but instead to provide information concerning the companies that are involved in that industry, we believe that any claim that we or Midtown Partners are aiding or abetting, or being an accessory to, a violation of the Controlled Substances Act or similar state statutes, is unsupported.

Corporate Information

Our principal executive offices are located at 4336 Montgomery Avenue, Bethesda, Maryland 20814 and our telephone number is (301) 983-0998. We maintain a corporate website at www.igcinc.us. The contents of our website are not part of this prospectus and should not be relied upon with respect to this offering.

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

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RISK FACTORS

An investment in our securities involves a high degree of risk. In addition to the following risk factors, you should carefully consider the risks, uncertainties and assumptions discussed in Item 1A. of our annual report on Form 10-K for the fiscal year ended March 31, 2014, and in other documents that we subsequently file with the SEC that update, supplement or supersede such information, which documents are incorporated by reference into this prospectus. See “Where You Can Find More Information.” Additional risks not presently known to us or which we consider immaterial based on information currently available to us may also materially adversely affect us. If any of the events anticipated by the risks described occur, our results of operations and financial condition could be adversely affected, which could result in a decline in the market price of our common stock, causing you to lose all or part of your investment.

Risks Related to Our Business and Expansion Strategy

Our diversification strategy depends on our ability to find accretive acquisitions and attract management.

The success of our acquisition and diversification strategy will depend on our ability to identify suitable companies to acquire in attractive industries, to complete those acquisitions on terms that are acceptable to us and in the timeframes and within the budgets we expect, and to thereafter improve the results of operations of the acquired companies and successfully integrate their operations on an accretive basis. There can be no assurance that we will be successful in any or all of these steps.

We may be unable to continue to scale our operations, make acquisitions or continue as a going concern if we do not successfully raise additional capital.

If we are unable to successfully raise the capital we need we may need to reduce the scope of our businesses to fully satisfy our future short-term liquidity requirements. If we cannot raise additional capital or reduce the scope of our business, we may be otherwise unable to achieve our goals or continue our operations. We have incurred losses from operations in our prior two fiscal years and have a lack of liquidity for expansion. Our business in China depends on the macroeconomic growth of China, which currently appears to signal a slowdown. We believe that a slowdown in China may adversely affect iron ore prices. If we are unable to sell iron ore at a reasonable profit, we will shut down the operations and cut our costs. This will in turn reduce our revenue in the short term. We may, in order to remain in the business, divert some of our resources to lower margin trading. While we believe that we will be able to raise the capital we need to continue our operations, there can be no assurances that we will be successful in these efforts or will be able to raise enough capital for planned expansion.

We have a history of operating losses and there can be no assurance that we can again achieve or maintain profitability.

Our short-term focus is to become profitable. However, there can be no guarantee that our efforts will be successful. Even if we again achieve profitability, given our dependence on global GDP growth and macroeconomic factors, we may not be able to sustain profitability and our failure to do so would adversely affect our businesses, including our ability to raise additional funds.

We expect to acquire companies and we are subject to evolving and often expensive corporate governance regulations and requirements. Our failure to adequately adhere to these requirements, and comply with them with regard to acquired companies, some of which may be non-reporting entities, or the failure or circumvention of our controls and procedures could seriously harm our business and affect our status as a reporting company listed on a national securities exchange.

As a public reporting company whose shares are listed for trading on the NYSE MKT, we are subject to various regulations. Compliance with these evolving regulations is costly and requires a significant diversion of management time and attention, particularly with regard to our disclosure on controls and procedures and our internal control over financial reporting. Our internal controls and procedures may not be able to prevent errors or fraud in the future. However, we cannot guarantee that we can establish internal controls over financial reporting immediately on companies that we acquire. Thus, faulty judgments, simple errors or mistakes, or the failure of our personnel to enforce controls over acquired companies or to adhere to established controls and procedures, may make it difficult for us to ensure that the objectives of our control systems are met. A failure of our controls and procedures to detect other than inconsequential errors or fraud could seriously harm our ability to continue as a reporting company listed on a national securities exchange.

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We have a limited senior management team size that may hamper our ability to effectively manage a publicly traded company and manage acquisitions and that may harm our business.

Since we operate in several foreign countries, we use consultants, including lawyers and accountants, to help us comply with regulatory requirements on a timely basis. As we expand, we expect to increase the size of our senior management. However, we cannot guarantee that in the interim period our senior management can adequately manage the requirements of a public company and the integration of acquisitions, and any failure to do so could lead to the imposition of fines, penalties, harm our business, status as a reporting company and our listing on the NYSE MKT.

We have entered into an agreement to acquire Midtown Partners but may be unable to complete the full transaction if we do not receive FINRA approval.

Although we have entered into a purchase agreement with respect to the Midtown Partners acquisition (see “About IGC – Historical Background and Corporate Structure”), such acquisition is being accomplished in two steps, with the final closing being subject to the approval of the Financial Industry Regulatory Authority (FINRA), the agency that governs registered broker-dealers and changes in control of them. There can be no assurance that the Midtown Partners acquisition will be completed so that we will own all of the stock of that company. In the event that the Midtown Partners acquisition is entirely completed, there can be no assurance that it will prove to be beneficial to us. The acquisition is likely to require amortization of intangible assets, with a corresponding adverse effect upon our operating results, and subject us to the risks normally associated with being a registered broker-dealer such as highly detailed regulation and oversight. In the event we are unable to complete the second step of the acquisition, we will be limited to owning only 24.9% of that company and, therefore, the acquisition will subject us to risks associated with being a minority stockholder with limited control. As a result, this transaction may have a material adverse effect on our business, financial condition and results of operations. In addition to the specific risks associated with the Midtown Partners acquisition, such acquisition will be subject to general acquisition-related risks discussed more generally in these “Risk Factors.”

Our proposed business expansion is dependent on laws pertaining to various industries including the legal cannabis industry.

We expect to acquire companies and hire management in the niche areas that we have identified. These include, among others, technology, logistics and specialty pharmacy with a focus on capitalizing on specific niches within these areas such as solar energy, medical marijuana and clean tech. Entry into any of these areas, including the solar energy market, requires special knowledge of the industry and products. In the event that we are perceived to be entering the legal cannabis sector, even indirectly or remotely, we could be subject to increased scrutiny by regulators because, among other things, marijuana is a schedule-I controlled substance and is illegal under U.S. federal law. Our failure to adequately manage the risk associated with these businesses and adequately manage the requirements of the regulators can adversely affect our business, our status as a reporting company and our listing on the NYSE MKT. Further, any adverse pronouncements from regulators about businesses related to the legal cannabis industry could adversely affect our stock price if we are perceived to be a company in that sector.

Important parts of our indoor vertical farming, technology and investment banking businesses are dependent on laws pertaining to the legal cannabis industry.

Continued development of the cannabis industry depends upon continued legislative authorization of cannabis. While there may be ample public support for legislative authorization, numerous factors impact the legislative process. Any one of these factors could slow or halt use of cannabis in the United States or in other jurisdictions, which would negatively impact our indoor vertical farming technology and investment banking businesses.

Many U.S. state laws are in conflict with the federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level. While we do not intend to harvest, distribute or sell cannabis in the United States, it is unclear whether regulatory authorities in the United States would object to the registration or public offering of securities in the United States by our company, to the status of our company as a reporting company, or even to investors investing in our company if we engage in legal cannabis production and supply pursuant to the laws and authorization of the jurisdiction where the activity takes place. Any such objection or interference could delay indefinitely or increase substantially the costs to access the equity capital markets.

In the event our beliefs stated under “About IGC – Exposure to Legal Cannabis Industry” are incorrect and our business activities are found to violate the federal Controlled Substances Act or similar state statutes due to claims that we unlawfully possessed, distributed or manufactured marijuana, or possibly aided or abetted any such violation, we and potentially our responsible officers may be subject to civil penalties such as fines and criminal penalties including imprisonment, any of which would severely damage our company and its continuing operations.

Our common stock could decrease in value as our business plan depends in large part on the growth of the legal cannabis industry and evolving federal laws.

The business plan of expanding into the legal cannabis industry is predicated on several market and regulatory assumptions. The size of the legal marijuana market depends almost entirely on whether or not more states will adopt laws to legalize recreational and medical marijuana and whether or not the federal government reschedules marijuana. If the federal government does not reschedule marijuana in the next several years, our positioning in the industry will deteriorate and the value of our common stock will likely be negatively impacted. Even if the federal government does reschedule marijuana and all states legalize marijuana, we would subject to intense competition in this industry.

The reputation of Midtown Partners’ analysts could be hurt by association with marijuana companies and the uncertainty of projections in their reports.

Midtown Partners’ analysts are expected to produce research on companies that are in the legal cannabis industry. Growth projections and estimates will inherently have some assumptions on the timing of potential regulatory actions by state and federal governments. As it is not possible to predict what the federal government will do with certainty, there is inherent risk to our and Midtown Partners’ reputation, and projections could be called into doubt. For example, if the FDA never approves any more trials on drugs containing marijuana, companies that Midtown Partners covers will be jeopardized and the market for writing research on these companies will substantially decrease. These factors could adversely impact our business plan.

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The legal cannabis industry faces strong opposition.

It is believed by many that large well-funded businesses may have a strong economic opposition to the legal cannabis industry. We believe that the pharmaceutical industry may seek to block competitive products. For example, medical marijuana will likely adversely impact the existing market for the current “marijuana pill” sold by mainstream pharmaceutical companies. Further, the medical marijuana industry could face a material threat from the pharmaceutical industry should marijuana displace other drugs or encroach upon the pharmaceutical industry’s products. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical marijuana movement. Any inroads the pharmaceutical industry could make in halting or impeding the legal cannabis industry could have a detrimental impact on our proposed business.

In connection with our indoor farming business, fresh produce may be vulnerable to crop disease and it may be difficult, time consuming and costly to get organic certification.

Indoor farmed fresh produce is still vulnerable to crop diseases, which may vary in severity and effect, depending on the stage of agricultural production at the time of infection and the type of treatment applied. Unfavorable growing conditions caused by these factors can reduce both crop size and crop quality. In extreme cases, entire harvests may be lost. These factors may result in lower sales volume and increased costs due to expenditures for additional agricultural techniques or agrichemicals, the repair of infrastructure, and the replanting of damaged or destroyed crops. In turn this may adversely affect our revenue and profitability.

Organic certification verifies that a farm or handling facility located anywhere in the world complies with the USDA organic regulations and allows us to sell, label, and represent our products as organic. Certification costs may range from a few hundred to several thousand dollars depending on the certifying agent/size, type, and complexity of our operation. Getting the organic certification may be difficult, time consuming and costly to obtain and retain.

Our business is dependent on continuing relationships with clients and strategic partners.

Our business requires developing and maintaining strategic alliances with contractors that undertake turnkey contracts for infrastructure development projects and with government organizations. The business and our results could be adversely affected if we are unable to maintain continuing relationships and pre-qualified status with key clients and strategic partners.

We may suffer losses resulting from unexpected accidents.

Like other similar companies, our operations may suffer from structural issues such as unusual or unexpected geologic formations or explosive rock failures that may result in accidents that cause property damage and possible personal injuries. We can give no assurance that industry-related accidents will not occur in the future. We do not maintain flood or other property insurance covering our properties, equipment, or inventories. Any losses and liabilities we incur due to unexpected property damage or personal injury could have a material adverse effect on our financial condition and results of operations.

Currency fluctuations may reduce our profitability.

Commodities and electronics are traded in U.S. dollars. However, the supply side, including logistics in India, is settled in Indian rupees (INR) and RMB in China. Therefore, three currencies are involved in a typical trade. Fluctuations of one currency relative to the others may adversely affect our profit margins.

Our business relies heavily on our management team and any unexpected loss of key officers may adversely affect our operations.

The continued success of our business is largely dependent on the continued services of our key employees. The loss of the services of certain key personnel, without adequate replacement, could have an adverse effect on our performance. Our senior management, as well as the senior management of our subsidiaries, plays a significant role in developing and executing the overall business plan, maintaining client relationships, proprietary processes and technology. While no one is irreplaceable, the loss of the services of any would be disruptive to our business.

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Our quarterly revenue, operating results and profitability will vary.

Factors that may contribute to the variability of quarterly revenue, operating results or profitability include:

- Fluctuations in revenue due to seasonality such as during the monsoon season in India slow down road building which results in uneven revenue and operating results over the year;
- Commencement, completion and delivery of commodities and electronics during any particular quarter;
- Additions and departures of key personnel; and
- Strategic decisions made by us and our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments and changes in business strategy.

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, China. While we have not made a decision, if we restructure our Chinese holdings this may result in a charge in our statement of operations in future periods.

We do not currently have accounting personnel with sufficient experience in maintaining books and records and preparing financial statements in accordance with U.S. GAAP and SEC rules and regulations.

Our accounting personnel are located in Hong Kong, India, China and the United States, primarily near our businesses, and they all do not have sufficient knowledge of and professional experience in maintaining books and records and preparing financial statements in accordance with U.S. GAAP and SEC rules and regulations. This may impact our ability to prepare financial statements and maintain our books and records in accordance with U.S. GAAP, and SEC rules and regulations, which will constitute a material weakness in our internal controls over financial reporting unless rectified.

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.

We have not previously had a chief financial officer with significant U.S. GAAP or SEC reporting experience. Our strategy to supplement the gap in reporting knowledge or experience is to use the advisory services of experts, some of whom we have already hired and in the process of supplementing. Although we are actively seeking individuals with sufficient knowledge of U.S. GAAP and Accounting Standards Codification and SEC rules and regulations, qualified individuals with necessary language and geographic experience are proving to be difficult to find. Therefore, we may experience “weakness” and potential issues in implementing and maintaining adequate internal controls as required under Section 404 of the Sarbanes-Oxley Act. This “weakness” also includes a deficiency, or combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. Management has 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, particularly with our reporting in China. Projections of any evaluation of effectiveness to future periods are also subject to the risk that controls may become inadequate because of new acquisitions, changes in conditions, or that the degree of compliance

with the policies or procedures may deteriorate. This may result in significant deficiencies or material weaknesses in our internal controls, which could affect the reliability of our financial statements and prevent us from complying with SEC rules and regulations. 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. To the extent that the market place perceives that we do not have a strong financial staff and financial controls, the market for and price of our stock may be impaired.

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We incur costs as a result of operating as a public company. Our management is required to devote substantial time to new compliance initiatives. Because we report in U.S. GAAP, we may experience delays in closing our books and records, and delays in the preparation of financial statements and related disclosures.

As part of a public company with substantial operations in foreign countries, we are experiencing an increase in legal, accounting and other expenses. In addition, the new rules implemented by the SEC and the NYSE MKT have imposed various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. We have completed the testing of internal controls in all our subsidiaries in India and China. We expect to take actions that include the curtailment of activity whose reporting and compliance costs exceed any present or future shareholder benefit. We also anticipate installing improved systems and processes. However, we cannot be certain as to the timing or completion of the remediation actions, or their full impact on our operations. Furthermore, it is difficult to hire personnel in India and China who have sufficient experience with U.S. GAAP and SEC rules and regulations. To compensate, we have hired several competent consultants to help review our internal reporting and disclosures, and to train our Indian and Chinese staff in SEC reporting and U.S. GAAP. We do not foresee a problem other than the time and increased cost required to hire qualified individuals, complete the training and to implement the improved processes. However, until then we may experience delays in the preparations of financial statements and related disclosures.

Risks Related to Ownership of Our Common Stock and this Offering

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

There are currently outstanding warrants to purchase 1,271,373 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.

The market price for our common stock may be volatile.

The trading volume in our common stock may fluctuate and cause significant price variations to occur. Fluctuations in our stock price may not be correlated in a predictable way to our performance or operating results. Our stock price may fluctuate as a result of a number of events and factors such as those described elsewhere in this “Risk Factors” section, events described in this report, and other factors that are beyond our control. In addition, the stock market, in general, has historically experienced significant price and volume fluctuations. Our common stock has also been volatile, with our 52-week price range being at a low of \$0.55 and a high of \$2.34 per share. These fluctuations are often unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of our common stock.

Our publicly-filed reports are subject to review by the SEC, and any significant changes or amendments required as a result of any such review may result in material liability to us and may have a material adverse impact on the trading price of our common stock.

The reports of publicly-traded companies are subject to review by the SEC from time to time for the purpose of assisting companies in complying with applicable disclosure requirements, and the SEC is required to undertake a

comprehensive review of a company's reports at least once every three years under the Sarbanes-Oxley Act of 2002. SEC reviews may be initiated at any time. We could be required to modify, amend or reformulate information contained in prior filings as a result of an SEC review, as well as state in filings that we have inadequate control or expertise over financial reporting. Any modification, amendment or reformulation of information contained in such reports could be significant and result in material liability to us and have a material and adverse impact on the trading price of our common stock.

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We do not anticipate declaring any cash dividends on our common stock.

We have never declared or paid cash dividends on our common stock and do not plan to pay any cash dividends in the near future. Our current policy is to retain all funds and earnings for use in the operation and expansion of our business. In addition, the terms of our debt agreement prohibits the payment of cash dividends or other distributions on any of our capital stock except dividends payable in additional shares of capital stock.

Maryland anti-takeover provisions and certain anti-takeover effects of our charter and bylaws may inhibit a takeover at a premium price that may be beneficial to our stockholders.

Maryland anti-takeover provisions and certain anti-takeover effects of our charter and bylaws may be utilized, under some circumstances, as a method of discouraging, delaying or preventing a change of control of our company at a premium price that would be beneficial to our stockholders. For more detailed information about these provisions, please see “Anti-takeover Law, Limitations of Liability and Indemnification” below.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This prospectus includes and incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included or incorporated in this prospectus regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would” expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated by these forward-looking statements. These important factors include the factors that we identify in the documents we incorporate by reference in this prospectus, as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. See “Risk Factors.” You should read these factors and other cautionary statements made in this prospectus and any accompanying prospectus supplement, and in the documents we incorporate by reference as being applicable to all related forward-looking statements wherever they appear in the prospectus and any accompanying prospectus supplement, and in the documents incorporated by reference. We do not assume any obligation to update any forward-looking statements made by us, except to the extent required by U.S. federal securities laws.

USE OF PROCEEDS

We currently intend to use the estimated net proceeds from the sale of these securities:

- to finance the costs of acquiring, investing in, or creating joint ventures with competitive and complementary businesses, products and technologies as a part of our growth strategy (although we have no current commitments or agreements with respect to any such acquisitions or investments); and