

India Globalization Capital, Inc.
Form S-3/A
May 09, 2018

As filed with the U.S. Securities and Exchange Commission on May 9, 2018
Registration Statement No. 333-224082

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

Amendment No. 2
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)

<u>Maryland</u>	<u>20-2760393</u>
(State or other jurisdiction of incorporation or organization)	(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)

Copies to:
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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.

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 Accelerated Filer
 Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee (3)
Common Stock, par value \$0.0001 per share	--	(2)	(2)	\$3,735.00
Warrants	--	(2)	(2)	--
Units (4)	--	(2)	(2)	--
Rights	--	(2)	(2)	--
Total	\$30,000,000	--	\$30,000,000	\$3,735.00 (5)

(1) There are being registered under this registration statement such indeterminate number of shares of common stock; such indeterminate number of warrants to purchase common stock; and such indeterminate number of units as may be sold by the registrant from time to time, which together shall have an aggregate initial offering price not to exceed \$30,000,000. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. The securities registered hereunder also include such indeterminate number of shares of common stock and warrants as may be issued upon exercise of warrants; or pursuant to the anti-dilution provisions of any such securities. In addition, pursuant to Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), the shares being registered hereunder include such indeterminate number of shares of common stock as may be issuable with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions.

- (2) Not required to be included in accordance with General Instruction II.D. of Form S-3.
- (3) Calculated pursuant to Rule 457(o) under the Securities Act of 1933, as amended (the “Securities Act”).
- (4) Each unit will represent an interest in other securities registered hereunder, which may or may not be separable from one another.
- (5) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall hereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject to completion, dated May 9 , 2018

\$30,000,000
Common Stock
Warrants
Units
Rights

This prospectus relates to common stock, warrants, units and rights that we may sell from time to time in one or more offerings up to a total dollar amount of \$30,000,000 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 American under the symbol IGC. The closing price for our common stock on May 8 , 2018, as reported by the NYSE American, was \$0.62 per share. By means of this prospectus, we are offering \$30,000,000 of securities pursuant to General Instruction I.B.6 of Form S-3. As of April 26, 2018, the aggregate market value of our outstanding common stock held by non-affiliates, or the public float, was about \$1,686,199, which was calculated based on approximately 26,907,240 shares of outstanding common stock held by non-affiliates and on a price per share of \$0.58, the closing price of our common stock on April 26, 2018. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell our securities in a public primary offering with a value exceeding more than one-third of our public float in any 12-month period so long as our public float remains below \$75,000,000. We have offered approximately \$4,124,440 of securities pursuant to General Instruction I.B.6 of Form S-3 during the 12-calendar months prior to and including the date of this prospectus.

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 May __, 2018

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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.

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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 \$30,000,000. 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

Business Overview

India Globalization Capital, Inc. (“IGC” or the “Company”) was incorporated in April 2005 under the laws of the state of Maryland, and through its subsidiaries in the USA, India, Hong Kong and Malaysia, is engaged in two major business segments. The first is a legacy infrastructure business consisting of heavy equipment rental, trading, and real estate management. The second is the development of cannabis-based combination therapies with a pipeline of products, including lead candidate Hyalolex, designed to improve the lives of patients battling Alzheimer’s disease, Parkinson’s disease, chronic pain, post-traumatic stress disorder, and eating disorders.

Business Strategy

Our short-term goal is to license Hyalolex, a CAM-based therapy for Alzheimer’s and other Central Nervous System diseases/disorders (CNS), for sale in select states in the U.S, as well as Canada, and Germany. Our medium-term goal is to create a distribution for our products and introduce several products, backed by technological innovations, into the network. Our long-term goal is to be the premier trusted brand in the industry.

Products

Cannabinoids are chemical compounds that exert a range of effects on the body, including impacting the immune response, gastrointestinal maintenance and motility, muscle functioning, and nervous system response and functioning. Phytocannabinoids are cannabinoids that occur naturally in the cannabis plant, they are abundant in the viscous resin produced by glandular structures called trichomes. There are over 480 different compounds in the cannabis plant. Many of them have been identified as cannabinoids. Of these THC (delta-9-tetrahydrocannabinol) is the main psychoactive component (“high”) in the plant with many therapeutic uses. The other broadly pursued non-psychoactive phytocannabinoid, CBD (Cannabidiol), is pleiotropic influencing many pathways in humans, dogs, and cats and may be used to provide relief to a variety of symptoms including pain, seizures, and eating disorders.

The Company is focused on four products that it is preparing to market and for pre-clinical trials: (i) Hyalolex our flagship product, is aimed at reducing the buildup of plaques, tangles, and relieve several other symptoms such as anxiety, sleep disorder, and agitation in patients diagnosed with Alzheimer’s disease. (ii) Serosapse addresses several end points in Parkinson’s disease including Rapid Eye Movement (REM) sleep disorder, incontinence, anxiety, and dyskinesia. (iii) Natrinol is a natural substitute for Marinol, or synthetic THC. This product is aimed at relieving nausea, vomiting and increasing appetite in patients with AIDS and Cancer. (iv) Caesafin uses combination therapy to alleviate seizures in dogs and cats. We have no revenue from these products.

Services

The Company trades commodities, provides real estate management, and rents heavy equipment. The heavy equipment rental business is based in India. The commodity trading business is based in India and Hong Kong. The real estate management business is based in Malaysia. This business is our main source of revenue. In each case we have less than 1% of the market.

Patents, Development Pipeline and Licenses

Patents. Although we believe the registration of patents is an important part of our business strategy and our success depends in part on such registration, we cannot guarantee that patent filings will result in a successful registration with the USPTO. Please see “Risk Factors.”

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We have filed seven provisional patents with the United States Patent and Trademark Office (“USPTO”) in the phytocannabinoid-based combination therapy space for the indications of pain, medical refractory epilepsy and cachexia. In addition, in May 2017, we acquired an exclusive license to a patent filed by the University of South Florida Research Foundation entitled “THC as a Potential Therapeutic Agent for Alzheimer’s Disease.” The table below provides a status of the patent filings:

Case #	Indication	Provisional Filing	PCT Filing	Subsequent Activity
1	Pain (IGC-501)	9/16/14	9/16/15	US National Case Filed on 6/15/16
2	Seizures (IGC-502)	1/25/15	1/14/16	US National Case Filed on 6/15/16
3	Seizures (IGC-503)	4/1/15	3/25/16	PCT Application Published on 10/6/16
4	Eating Disorders (IGC-504)	8/12/15	8/11/16	US and National Filing on 2/12/18
5	Seizures (IGC-505)	6/15/16	6/15/16	US National Filing Anticipated on 12/15/18
6	Eating Disorders (IGC-506)	2/28/17	2/27/18	US and National Filing Anticipated on 8/28/19
7	Alzheimer’s (IGC-AD1)	7/30/2015	Anticipated in 2018	US and National Filing Anticipated in 2018
8	CNS Disorders (IGC-510)	3/29/2018	Anticipated in 2019	US and National Filing Anticipated in 2019

This document contains statements and claims that are not approved by the FDA. The statements and claims are in compliance with state laws, specifically in states where medical cannabis is approved and Alzheimer's and other diseases are approved condition for treatment with cannabis.

For more in-depth information regarding our industry, products, services and corporate history, please refer to the Company’s Annual Report on Form 10-K filed with the SEC on July 14, 2017.

Core Business Competencies and Competitive Advantages

Our core competencies include the following:

- an understanding of Alzheimer’s, its symptoms, and its interaction with cannabinoid-based combination therapies.
- a network of doctors, Ph.Ds. and intellectual property legal experts that have a sophisticated understanding of drug discovery, research, FDA filings, intellectual protection and product formulation;
- knowledge of various cannabis strains, their phytocannabinoid profile, extraction methodology and impact on various clinical pathways;
- knowledge of the legal status of cannabis in various countries, access to medical writers and clinical trial organizations in foreign countries, universities and research centers in Malaysia, India, Puerto Rico, Colombia and Israel; and
- knowledge of the equipment rental business in Kerala, India, commodity trading.

With these core competencies, our competitive advantage is based on our experience and deep knowledge of deregulating industries, access to foreign markets where testing has less regulatory hurdles, experienced management and access to intellectual property experts, access to a network of doctors and Ph.Ds., knowledge of FDA trials, extraction techniques and plant strains, and a strategy that is well differentiated.

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Recent Developments

On April 11, 2018, the Audit Committee of our Board of Directors approved the appointment of Manohar Chowdhry & Associates (“MCA”) as our new independent registered public accounting firm for the fiscal years ended March 31, 2018 and March 31, 2019.

In March 2018, we partnered with DaMa Pharmaceutical in Puerto Rico to start the manufacturing, marketing and distribution of Hyalolex in Puerto Rico. We are aiming to launch Hyalolex in other select medical dispensaries in medical cannabis states in the U.S. during 2018.

The Company held its most recent Annual Meeting of Stockholders on November 8, 2017, and presented the stockholders with six proposals on which to vote. The stockholders voted to approve five of the six proposals. The vote on Proposal (3), the only item not approved, was adjourned to April 30, 2018. Proposal (3) sought stockholder approval for the issuance of up to an additional 2,000,000 shares of the Company’s common stock to Bricoleur Partners, L.P. pursuant to a prior financing arrangement.

Since this item was not approved by those stockholders of record on April 30, 2018, the Company may choose to (i) resubmit the proposal to the Company’s stockholders at its regular 2018 Annual Meeting of Stockholders, with potentially fewer shares to be issued and approved, and/or (ii) enter into negotiations with Bricoleur Partners, L.P. to explore alternative arrangements including a discount, providing for principal and interest repayments in the form of cash or in non-convertible promissory notes. No assurance can be given that such negotiations will result in an amended arrangement or that such arrangement will be on economic terms.

Corporate Information

Our principal executive office in the United States is located at 4336 Montgomery Avenue, Bethesda, Maryland 20814, and we have facilities in Washington State. We have an office in Kochi, Kerala, India. We maintain a website at <http://www.igcinc.us> and our telephone number is +1 (301) 983-0998. Our operational subsidiaries are located in India, Hong Kong and Malaysia. The information contained on our website is not incorporated by reference in this prospectus supplement or the accompanying prospectus, and you should not consider it a part of this prospectus supplement or the accompanying prospectus.

For additional information about us, you should refer to the information described in “Where You Can Find More Information” in this prospectus supplement.

Along with Dr. James A. Saunders, an expert in plant genomics, natural product plant biochemistry, gene transfer, extraction technologies, hybridization and DNA finger printing, among other areas, who joined our company in 2015 as a senior advisor, we have strengthened our team by adding five more advisors who are focused on developing medical and medicinal treatments with innovative therapies and expanding our specialty pharmaceutical IP initiatives. Our advisory board meets periodically with our board of directors and management to discuss these matters. Members of our advisory board are granted stock options on a per-agreement basis and reimbursed by us for out-of-pocket expenses incurred in serving on our advisory board. To our knowledge, none of our advisory board members has any conflict of interest between their obligations to us and their obligations to others.

Our scientific advisory board currently includes:

Jack Lynch, responsible for all patent filings and the overall intellectual property strategy for our company, has over 50 years’ experience in practice before the U.S. District and Appellate courts and the U.S. Patent and Trademark Office.

Dr. Chuanhai Cao is an advisor to our company in the areas of Alzheimer's disease, Parkinson's disease, clinical trials and neuroscience, among other areas. He conducted the research on transgenic mice that led to the filing of the patent by the University of South Florida for the use of THC as a potential therapeutic agent for Alzheimer's.

Dr. Craig Cheifetz is an advisor to our company broadly in the areas of clinical trials, biotechnology, neuroscience, immunology and microbiology, among other areas.

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Dr. Carolina Gutierrez de Piñeres is an advisor to our company with over 12 years of experience in scientific research of psychological processes in normal and pathological conditions, including Alzheimer’s disease, Parkinson’s disease or other dementias and neurocognitive disorders.

Dr. Carolee Barlow is a renowned expert and an advisor to our company in neuroscience and neurodegeneration. She is the Parkinson’s Institute and Clinical Center’s Chief Executive Officer (CEO) and will guide IGC to find solutions and treatments for Parkinson’s disease in the same way she has done with other diseases.

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, 2017, 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 company is in a very new and highly regulated industry. Significant and unforeseen changes in policy may have material impacts on our business.

Continued development in the phytocannabinoids industry is dependent upon continued state legislative authorization of cannabis as well as legislation and regulatory policy at the federal level. The federal Controlled Substances Act currently makes cannabis use and possession illegal on a national level. 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 and handling of cannabis in the United States or in other jurisdictions, which would negatively impact our development of phytocannabinoid-based therapies and our ability to test and productize these therapies.

Many U.S. state laws are in conflict with the federal Controlled Substances Act. 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. In addition, the status of cannabis under the Controlled Substances Act may have an adverse effect on federal agency approval of pharmaceutical use of phytocannabinoid products. Any such objection or interference could delay indefinitely or increase substantially the costs to access the equity capital markets, test our therapies, or create products from these phytocannabinoid based therapies.

The nature of our products, customer base and sales channels cause us to lack visibility regarding future demand for our products, which makes it difficult for us to predict our revenues or operating results.

It is important to the success of our business that we have the ability to accurately predict the future demand for our products. However, several factors contribute to a lack of visibility with respect to future orders, including:

- the lengthy and unpredictable sales cycle for our products that can extend from six to 24 months or longer;
- the project-driven nature of our customers’ requirements;
- the uncertainty of the extent and timing of market acceptance of our new products;

- the requirement to obtain industry certifications or regulatory approval for some products; and
- the diversity of our product lines and geographic scope of our product distribution.

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This lack of visibility impacts our ability to forecast inventory requirements. An overestimate of our customers' future requirements for products may lead to excess inventory, which would increase costs and potentially require us to write-off inventory that becomes obsolete. If we underestimate our customers' future requirements, we may have inadequate inventory, which could interrupt and delay delivery of our products to our customers and could cause our revenues to decline. If any of these events occur, they could negatively impact our revenues, which could prevent us from achieving or sustaining profitability.

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. 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, macroeconomic factors and federal regulations, 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 American, 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.

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 American.

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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 medical marijuana. Entry into any of these areas requires special knowledge of the industry and products. Since we have entered 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 American. 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.

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 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.

Our business is dependent on continuing relationships with distributors, processors and growers.

As we do not make any of our products for sale, our business requires developing and maintaining strong alliances with distributors, growers, and processors that undertake turnkey contracts under licensing agreements for making products. The business and our results could be adversely affected if we are unable to maintain continuing relationships with distributors, growers, and processors.

Currency fluctuations may reduce our profitability.

Because of our presence in different countries, specifically India, Malaysia, and Hong Kong many 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 distributor relationships, proprietary processes and technology. While no one is irreplaceable, the loss of the services of any of our key employees would be disruptive to our business, as we have little to no bench strength.

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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 primarily to delayed shipment of commodities, and to a much lesser extent due to the seasonality of the heavy equipment rental business;
-