

ENCISION INC  
Form 10-Q  
November 14, 2016

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-11789

ENCISION INC.  
(Exact name of registrant as specified in its charter)

**Colorado** **84-1162056**  
(State or other jurisdiction of incorporation or organization) **(I.R.S. Employer Identification No.)**

6797 Winchester Circle  
Boulder, Colorado 80301  
(Address of principal executive offices)

(303) 444-2600  
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes      No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes      No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer  
(Do not check if a smaller reporting company)  Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, no par value 10,673,225 Shares  
(Class) (outstanding at October 31, 2016)

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ENCISION INC.

FORM 10-Q

For the Three and Six Months Ended September 30, 2016

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PART I. FINANCIAL INFORMATION

## ITEM 1 - CONDENSED INTERIM FINANCIAL STATEMENTS

Encision Inc.  
Condensed Balance Sheets  
(unaudited)

	September 30, 2016	March 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$31,552	\$292,840
Restricted cash	25,000	25,000
Accounts receivable, net of allowance for doubtful accounts of \$21,500 at September 30, 2016 and \$9,000 at March 31, 2016	965,382	839,850
Inventories, net of reserve for obsolescence of \$450,000 at September 30, 2016 and \$410,000 at March 31, 2016	1,458,207	1,730,747
Prepaid expenses	117,298	91,989
Total current assets	2,597,439	2,980,426
Equipment, at cost:		
Furniture, fixtures and equipment	3,141,226	3,950,710
Accumulated depreciation	(2,625,019 )	(3,389,533 )
Equipment, net	516,207	561,177
Patents, net of accumulated amortization of \$190,561 at September 30, 2016 and \$153,494 at March 31, 2016	260,554	252,889
Other assets	15,926	15,926
<b>TOTAL ASSETS</b>	<b>\$3,390,126</b>	<b>\$3,810,418</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$289,221	\$355,890
Accrued compensation	247,462	246,203
Other accrued liabilities	241,213	257,506
Line of credit	367,930	387,491
Deferred rent	30,384	30,384
Total current liabilities	1,176,210	1,277,474
Long-term liability:		
Deferred rent	55,704	70,896
Total liabilities	1,231,914	1,348,370
Commitments and contingencies (Note 4)		
Shareholders' equity:		
Preferred stock, no par value: 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock and additional paid-in capital, no par value: 100,000,000 shares authorized; 10,673,225 shares issued and outstanding at September 30 and March 31, 2016	23,716,777	23,682,365
Accumulated (deficit)	(21,558,565)	(21,220,317)
Total shareholders' equity	2,158,212	2,462,048
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$3,390,126</b>	<b>\$3,810,418</b>

The accompanying notes to financial statements are an integral part of these condensed statements.

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Encision Inc.  
Condensed Statements of Operations  
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
NET REVENUE	\$2,150,656	\$2,300,436	\$4,428,004	\$4,754,761
COST OF REVENUE	1,141,773	1,120,006	2,228,789	2,400,547
GROSS PROFIT	1,008,883	1,180,430	2,199,215	2,354,214
OPERATING EXPENSES:				
Sales and marketing	614,164	629,847	1,243,602	1,326,189
General and administrative	359,722	366,581	704,134	733,245
Research and development	278,716	305,616	580,367	589,654
Total operating expenses	1,252,602	1,302,044	2,528,103	2,649,088
OPERATING LOSS	(243,719 )	(121,614 )	(328,888 )	(294,874 )
Interest expense, net	(16,097 )	(16,681 )	(29,588 )	(17,400 )
Other income (expense), net	20,226	(46,013 )	20,227	(85,234 )
Interest expense and other income (expense), net	4,129	(62,694 )	(9,361 )	(102,634 )
LOSS BEFORE PROVISION FOR INCOME TAXES	(239,590 )	(184,308 )	(338,249 )	(397,508 )
Provision for income taxes	—	—	—	—
NET LOSS	\$(239,590 )	\$(184,308 )	\$(338,249 )	\$(397,508 )
Net loss per share—basic and diluted	\$(0.02 )	\$(0.02 )	\$(0.03 )	\$(0.04 )
Weighted average shares—basic and diluted	10,673,225	10,673,225	10,673,225	10,673,225