

CARACO PHARMACEUTICAL LABORATORIES LTD
Form 10-Q/A
January 26, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended December 31, 2005

TRANSITION REPORT PURSUANT TO SECTION 13

OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

for the transition period from _____ to _____

Commission File No. 0-24676

CARACO PHARMACEUTICAL LABORATORIES, LTD.

(Exact name of registrant as specified in its charter)

MICHIGAN

(State or other jurisdiction of
incorporation or organization)

38-2505723

(IRS Employer
Identification No.)

1150 ELIJAH MCCOY DRIVE, DETROIT, MICHIGAN 48202

Edgar Filing: CARACO PHARMACEUTICAL LABORATORIES LTD - Form 10-Q/A

(Address of principal executive offices)

(Zip Code)

TELEPHONE: (313) 871-8400

Registrant's telephone number, including area code

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate by check mark whether the registrant is a shell company ((as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of January 20, 2006 the registrant had 26,421,394 shares of common stock issued and outstanding.

CARACO PHARMACEUTICAL LABORATORIES LTD.
(A subsidiary of Sun Pharmaceutical Industries Limited)
BALANCE SHEETS

	DECEMBER 31, 2005	MARCH 31, 2005
	UNAUDITED	AUDITED
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,865,440	\$ 6,627,425
Accounts receivable, net	19,518,008	6,736,778
Inventories	21,338,531	18,467,693
Prepaid expenses and deposits	3,005,040	1,105,618
	52,727,019	32,937,514
Property, plant and equipment		
Land	197,305	197,305
Building and improvements	9,816,175	9,605,888
Equipment	11,798,108	9,701,979
Furniture and fixtures	667,284	589,329
	22,478,872	20,094,501
Total	22,478,872	20,094,501
Less: accumulated depreciation	8,281,353	7,197,422
	14,197,519	12,897,079
Net property, plant & equipment	14,197,519	12,897,079
Total assets	\$ 66,924,538	\$ 45,834,593
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 2,178,571	\$ 2,577,669
Accounts payable, Sun Pharma	13,819,750	9,639,890
Accrued expenses	2,048,712	1,931,442
	18,047,033	14,149,001
Total current liabilities	18,047,033	14,149,001
Total liabilities	18,047,033	14,149,001
Commitments and contingencies (notes 11 and 12)		
Stockholders equity		
Common stock, no par value, authorized 30,000,000 shares; issued and outstanding shares - 26,396,394 and 26,360,294 shares	44,956,867	44,927,987
Convertible Series B Preferred Stock, no par value, authorized 15,000,000 shares; issued and outstanding - 9,248,000 and 5,984,000 shares	58,747,770	37,700,410
Additional paid in capital	2,718,735	2,718,735
Accumulated deficit	(57,545,867)	(53,661,540)

	<u>DECEMBER 31,</u> <u>2005</u>	<u>MARCH 31,</u> <u>2005</u>
Total stockholders equity	48,877,505	31,685,592
Total liabilities and stockholders equity	\$ 66,924,538	\$ 45,834,593

See accompanying notes

CARACO PHARMACEUTICAL LABORATORIES, LTD.
(A subsidiary of Sun Pharmaceutical Industries Limited)
STATEMENTS OF OPERATIONS

	NINE MONTHS ENDED DECEMBER 31,		THREE MONTHS ENDED DECEMBER 31,	
	2005	2004	2005	2004
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
Net sales	\$ 58,087,910	\$ 46,779,221	\$ 20,678,978	\$ 16,680,678
Cost of goods sold	29,861,857	19,050,867	10,329,598	7,283,981
Gross profit	28,226,053	27,728,354	10,349,380	9,396,697
Selling, general and administrative expenses	5,701,231	3,994,400	2,133,346	1,700,241
Research and development costs - affiliate (Note 7)	21,047,360	16,568,880	7,137,280	6,217,920
Research and development costs - other	5,512,554	4,920,003	1,848,167	2,016,052
Operating (loss) income	(4,035,092)	2,245,071	(769,413)	(537,516)
Other income (expense)				
Interest expense	0	(225,788)	0	(8,658)
Interest income	108,130	38,301	54,820	5,549
Other income (expense)	42,635	(14,031)	33,637	(4,582)
Other income (expense) - net	150,765	(201,518)	88,457	(7,691)
Net (loss) income	\$ (3,884,327)	\$ 2,043,553	\$ (680,956)	\$ (545,207)
Net (loss) income per common share				
Basic	(0.15)	0.08	(0.03)	(0.02)
Diluted	(0.15)	0.07	(0.03)	(0.02)

See accompanying notes

CARACO PHARMACEUTICAL LABORATORIES, LTD.
(A subsidiary of Sun Pharmaceutical Industries Limited)
STATEMENTS OF CASH FLOWS

	NINE MONTHS ENDED DECEMBER 31, UNAUDITED	
	2005	2004
Cash flows from operating activities		
Net (loss) income	\$ (3,884,327)	\$ 2,043,553
Adjustments to reconcile net (loss) / income to net cash flow from operating activities		
Depreciation	1,083,931	743,345
Capital stock issued or to be issued to affiliate in exchange for product formula	21,047,360	16,568,880
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(12,781,230)	(1,842,529)
Inventories	(2,870,838)	(4,487,236)
Prepaid expenses and deposits	(1,899,421)	(70,603)
Accounts payable	3,780,761	3,103,479
Accrued expenses and interest	117,269	(263,060)
Net cash provided by operating activities	4,593,506	15,795,829
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,384,371)	(2,695,404)
Net cash used in investing activities	(2,384,371)	(2,695,404)
Cash flows from financing activities		
Proceeds from loans payable to financial institutions	0	10,000,000
Repayments of loans payable to financial institutions	0	(22,375,000)
Proceeds from exercise of stock options	28,880	3,453,946
Repayments of EDC loan	0	(5,967,716)
Net cash provided by (used in) financing activities	28,880	(14,888,770)
Net increase (decrease) in cash and cash equivalents	2,238,015	(1,788,345)
Cash and cash equivalents, beginning of period	6,627,425	4,244,815
Cash and cash equivalents, end of period	\$ 8,865,440	\$ 2,456,470

See accompanying notes

CARACO PHARMACEUTICAL LABORATORIES, LTD.
(A subsidiary of Sun Pharmaceutical Industries Limited)
STATEMENT OF STOCKHOLDERS EQUITY

	PREFERRED STOCK		COMMON STOCK		ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS EQUITY
	SHARES	AMOUNT	SHARES	AMOUNT			
Balances at April 1, 2005	5,984,000	\$ 37,700,410	26,360,294	\$ 44,927,987	\$ 2,718,735	\$ (53,661,540)	\$ 31,685,592
Issuances of preferred stock to affiliate in exchange for product technology transfers	3,264,000	21,047,360					21,047,360
Common stock options exercised			36,100	28,880			28,880
Net loss						(3,884,327)	(3,884,327)
Balances at December 31, 2005	9,248,000	\$ 58,747,770	26,396,394	\$ 44,956,867	\$ 2,718,735	\$ (57,545,867)	\$ 48,877,505

See accompanying notes

CARACO PHARMACEUTICAL LABORATORIES, LTD.

FORM 10-Q/A

EXPLANATORY NOTE

This Amendment No. 1 to the Form 10-Q includes minor changes to the Statement of Cash Flows and Statement of Stockholders' Equity.

PART II OTHER INFORMATION

ITEM 6. EXHIBITS

- 10.26 Credit Agreement dated as of November 17, 2005 between Caraco and JP Morgan Chase Bank, N.A. (Filed with original Form 10-Q)
- 10.27 Security Agreement dated as of November 17, 2005 between Caraco and JP Morgan Chase Bank, N.A. (Filed with original Form 10-Q)
- 31.1 Certification of Chief Executive Officer
- 31.2 Certification of Chief Financial Officer.
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CARACO PHARMACEUTICAL
LABORATORIES, LTD.

Date: January 26, 2006

By: /s/ Daniel H. Movens
Daniel H. Movens
Chief Executive Officer

Date: January 26, 2006

By: /s/ Jitendra N. Doshi
Jitendra N. Doshi
Chief Financial Officer

EXHIBIT INDEX

<u>31.1</u>	<u>Certificate of Chief Executive Officer</u>
<u>31.2</u>	<u>Certificate of Chief Financial Officer</u>
<u>32.1</u>	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.</u>