

CARACO PHARMACEUTICAL LABORATORIES LTD
Form 10-Q
August 09, 2005

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 June 30, 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
(Address of principal executive offices)

48202
(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

As of August 4, 2005 the registrant had 26,391,394 shares of common stock issued and outstanding.

CARACO PHARMACEUTICAL LABORATORIES LTD.

BALANCE SHEETS

	JUNE 30, 2005	MARCH 31, 2005
	unaudited	audited
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,619,590	\$ 6,627,425
Accounts receivable, net	12,458,446	6,736,778
Inventories	18,144,403	18,467,693
Prepaid expenses and deposits	472,530	1,105,618
Total current assets	36,694,969	32,937,514
Property, plant and equipment		
Land	197,305	197,305
Building and improvements	9,597,808	9,605,888
Equipment	9,947,736	9,701,979
Furniture and fixtures	605,093	589,329
Total	20,347,942	20,094,501
Less: accumulated depreciation	7,504,995	7,197,422
Net property, plant & equipment	12,842,947	12,897,079
Total assets	\$ 49,537,916	\$ 45,834,593
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 4,193,982	2,577,668
Accounts payable, Sun Pharma	6,967,473	9,639,890
Accrued expenses	1,816,702	1,931,442
Total current liabilities	12,978,157	14,149,000
Total liabilities	12,978,157	14,149,000
Stockholders equity		
Common stock, no par value, authorized 30,000,000 shares; issued and outstanding shares - 26,379,494 and 26,360,294 shares	44,943,667	44,927,987
Convertible Series B Preferred Stock, no par value, authorized 15,000,000 shares; issued and outstanding - 6,528,000 and 5,984,000 shares	40,942,650	37,700,410
Additional paid in capital	2,718,735	2,718,735
Accumulated deficit	(52,045,293)	(53,661,539)

Total stockholders equity	<u>36,559,759</u>	<u>31,685,593</u>
Total liabilities and stockholders equity	<u>\$ 49,537,916</u>	<u>\$ 45,834,593</u>

See accompanying notes

CARACO PHARMACEUTICAL LABORATORIES, LTD.
UNAUDITED STATEMENTS OF INCOME

	THREE MONTHS ENDED JUNE 30	
	2005	2004
Net sales	\$ 17,612,531	\$ 14,799,865
Cost of goods sold	9,450,818	5,720,474
Gross profit	8,161,713	9,079,391
Selling, general and administrative expenses	1,704,633	1,410,723
Research and development costs - affiliate (Note 7)	3,242,240	4,663,440
Research and development costs - other	1,629,907	1,360,500
Operating income	1,584,933	1,644,729
Other income (expense)		
Interest expense	0	(135,633)
Interest income	27,143	14,610
Other income	4,170	2,969
Other expense - net	31,313	(118,054)
Net income	\$ 1,616,246	\$ 1,526,675
Net income per common share		
Basic	\$ 0.06	\$ 0.06
Diluted	\$ 0.05	\$ 0.05

See accompanying notes

CARACO PHARMACEUTICAL LABORATORIES, LTD.
UNAUDITED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED JUNE 30	
	2005	2004
Cash flows from operating activities		
Net income	\$ 1,616,246	\$ 1,526,674
Adjustments to reconcile net income to net cash (used in) / provided by operating activities		
Depreciation	306,626	224,675
Capital stock issued or to be issued to affiliate in exchange for product formula	3,242,240	4,663,440
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(5,721,668)	(3,268,227)
Inventories	323,290	(458,579)
Prepaid expenses and deposits	633,088	185,550
Accounts payable	(1,056,103)	324,204
Accrued expenses	(114,740)	(659,717)
	(771,021)	2,538,021
Net cash (used in) / provided by operating activities	(771,021)	2,538,021
Cash flows from investing activities		
Purchases of property, plant and equipment	(252,494)	(1,233,447)
	(252,494)	(1,233,447)
Net cash used in investing activities	(252,494)	(1,233,447)
Cash flows from financing activities		
Proceeds from loans payable to financial institutions	0	6,000,000
Repayments of loans payable to financial institutions	0	(4,000,000)
Proceeds from exercise of stock options	15,680	5,596
Repayments of EDC loan		(5,967,716)
	15,680	(3,962,120)
Net cash provided by / (used in) financing activities	15,680	(3,962,120)
Net decrease in cash and cash equivalents	(1,007,835)	(2,657,546)
Cash and cash equivalents, beginning of period	6,627,425	4,244,815
	\$ 5,619,590	\$ 1,587,269

See accompanying notes

**CARACO PHARMACEUTICAL LABORATORIES, LTD.
UNAUDITED STATEMENTS OF STOCKHOLDERS' EQUITY**