

CARACO PHARMACEUTICAL LABORATORIES LTD
Form DEF 14A
July 29, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. ____)

Filed by the registrant x

Filed by a party other than the registrant o

Check the appropriate box:

- | | |
|--|---|
| <input type="checkbox"/> o Preliminary proxy statement | <input type="checkbox"/> o Confidential, for use of the Commission only (as permitted by Rule 14a-6 (e) (2)). |
| <input checked="" type="checkbox"/> x Definitive proxy statement | |
| <input type="checkbox"/> o Definitive additional materials | |
| <input type="checkbox"/> o Soliciting material pursuant to Rule 14a-12 | |

CARACO PHARMACEUTICAL LABORATORIES, LTD.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

- | | |
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| <input checked="" type="checkbox"/> x | No fee required |
| <input type="checkbox"/> o | Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11. |

(a) Title of each class of securities to which transaction applies:

N/A

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(c) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(d) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(a) Amount Previously Paid:

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(b) Form, Schedule or Registration Statement No.:

N/A

(c) Filing Party:

N/A

(d) Date Filed:

N/A

CARACO PHARMACEUTICAL LABORATORIES, LTD.

NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
AND
PROXY STATEMENT
2010

CARACO PHARMACEUTICAL LABORATORIES, LTD.
1150 Elijah McCoy Drive
Detroit, Michigan 48202

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND
PROXY STATEMENT
2010

August 13, 2010

Dear Shareholder,

We invite you to attend our 2010 Annual Meeting of Shareholders at 11:00 a.m., Eastern Daylight Saving Time, on September 13, 2010 at the executive offices of the Company at 1150 Elijah McCoy Drive, Detroit, Michigan 48202.

The annual report, which is enclosed, summarizes Caraco's major developments during Fiscal 2010 and includes the Fiscal 2010 financials.

Whether or not you plan to attend the Meeting, please complete and mail the enclosed proxy card promptly so that your shares will be voted as you desire. **IF YOU WISH TO VOTE IN THE MANNER THE BOARD OF DIRECTORS RECOMMENDS, IT IS NOT NECESSARY TO SPECIFY YOUR CHOICES ON THE PROXY CARD. SIMPLY SIGN, DATE AND RETURN THE PROXY CARD.**

Sincerely,

Jitendra N. Doshi
Chief Executive Officer

CARACO PHARMACEUTICAL LABORATORIES, LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: September 13, 2010
Time: 11:00 a.m., Eastern Daylight Saving Time
Place: 1150 Elijah McCoy Drive
Detroit, Michigan 48202

We invite you to attend the Caraco Pharmaceutical Laboratories, Ltd. Annual Meeting of Shareholders to:

1. Elect two directors for three-year terms expiring in 2013 and upon the election and qualification of their successors.
2. Transact any other business that is properly submitted before the Annual Meeting or any adjournment(s) of the Meeting.

The record date for the Meeting is July 26, 2010 (the "Record Date"). Only shareholders of record at the close of business on that date can vote at the Annual Meeting. Caraco is mailing this Notice of Annual Meeting to those shareholders.

A proxy statement, proxy card and an annual report are enclosed with this Notice. Whether or not you plan to attend the Meeting and whether you own a few or many shares of stock, the Board of Directors urges you to vote promptly. You may vote by signing, dating and returning the enclosed proxy card.

A list of shareholders who can vote at the Annual Meeting will be available for inspection by shareholders at the Meeting and for ten days prior to the Meeting during regular business hours at the executive offices of Caraco, 1150 Elijah McCoy Drive, Detroit, MI 48202.

By Order of the Board of Directors,

Jitendra N. Doshi
Chief Executive Officer

August 13, 2010

Important Notice Regarding the Availability of Proxy Materials for Annual Meeting of Shareholders to Be Held on September 13, 2010.

This Notice of Annual Meeting of Shareholders, Proxy Statement and our 2010 Annual Report are available at <https://materials.proxyvote.com/14075T>.

You may obtain directions to the annual meeting by sending a written request to Caraco Pharmaceutical Laboratories, Ltd., Attention: Director, Human Resources, 1150 Elijah McCoy Drive, Detroit, Michigan 48202.

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CARACO PHARMACEUTICAL LABORATORIES, LTD.

1150 Elijah McCoy Drive
Detroit, Michigan 48202

2010 PROXY STATEMENT

QUESTIONS AND ANSWERS

1. Q: What is a proxy?

A: A proxy is a document, also referred to as a proxy card (which is enclosed), by which you authorize someone else to vote for you in the way that you want to vote. Caraco's Board of Directors is soliciting this proxy. You may also abstain from voting.

2. Q: What is a proxy statement?

A: A proxy statement is the document the United States Securities and Exchange Commission (the "SEC") requires to explain the matters on which you are asked to vote on the proxy card. Caraco's proxy statement, together with its enclosed proxy card, was first mailed to shareholders on or about August 13, 2010.

3. Q: Who can vote?

A: Only holders of Caraco's common stock at the close of business on July 26, 2010, the Record Date, can vote at the Annual Meeting. Each shareholder of record has one vote for each share of common stock on each matter presented for a vote at the Meeting.

4. Q: How do I vote if my stock is held in "street name?"

A: If your Caraco common stock is held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of stock held in "street name." As a beneficial owner, you do not have the right to vote your stock. Only the "record holder" of the stock has such rights. If you wish to vote your stock, you should either (i) obtain a legal proxy from the record holder of the stock appointing you as its legal proxy or (ii) instruct the record holder how you would like the record holder to vote the stock you own.

5. Q: What will I vote on at the Meeting?

A: At the Annual Meeting, shareholders will vote to:

1. Elect two directors for three-year terms expiring in 2013 and upon the election and qualification of their successors.
2. Transact any other business that is properly submitted before the Annual Meeting or any adjournment(s) of the Meeting.

6. Q: Who can attend the Annual Meeting?

A: You are entitled to attend the Annual Meeting only if you were a Caraco shareholder as of the Record Date or you hold a valid proxy for the annual meeting. You should be prepared to present valid government-issued photo identification for admittance. In addition, if you are a shareholder of record, your name will be verified

against the list of shareholders of record on the Record Date prior to your being admitted to the Annual Meeting. If you are not a shareholder of record but hold shares through a broker or nominee (i.e., in street name), you should provide proof of beneficial ownership on the Record Date, such as your most recent account statement, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. If you do not provide valid government-issued photo identification or comply with the other procedures outlined above upon request, you may not be admitted to the Annual Meeting.

The Meeting will begin promptly at 11:00 a.m., local time. Check-in will begin at 10:30 a.m., and you should allow ample time for the check-in procedures.

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7. Q: How does the Board of Directors recommend I vote on the proposal[s]?

A: The Board of Directors recommends a vote “FOR” all of the nominees listed in Proposal 1.

8. Q: How can I vote?

A: You can vote in person or by proxy. To vote by proxy, sign, date and return the enclosed proxy card. If you return your signed proxy card to American Stock Transfer before the Annual Meeting, the persons named as proxies on the card will vote your shares as you directed. You may revoke a proxy at any time before the proxy is exercised by:

1. giving written notice of revocation to Donna Griffith, Director, Human Resources, of Caraco, at 1150 Elijah McCoy Drive, Detroit, Michigan 48202;
2. submitting another proxy that is properly signed and later dated;
3. voting in person at the Meeting (but only if the shares are registered in Caraco’s records in the name of the shareholder and not in the name of a broker, dealer, bank or other third party).

9. Q: What is a quorum?

A: There were 39,090,194 shares of Caraco’s common stock outstanding on the Record Date. A majority of the outstanding shares, or 19,545,098 shares, present or represented by proxy, constitutes a quorum. For purposes of a quorum, abstentions and broker non-votes are included. A broker non-vote is a proxy a broker submits that does not indicate a vote for some or all the proposals because the broker does not have discretionary voting authority and the broker did not receive instructions as to how to vote on those proposals. A broker non-vote may also occur if your broker fails to vote your shares for any reason. A quorum must exist to conduct business at the Annual Meeting.

10. Q: How does voting work?

A: If a quorum exists, each director must receive the favorable vote of a majority of the shares voted, present in person or represented by proxy, but excluding broker non-votes and abstentions.

Caraco will vote properly executed Proxies it receives prior to or at the Meeting in the way you direct. If you sign the proxy card but do not specify instructions, the shares represented by Proxies will be voted “FOR” the nominees for directors. No other matters are currently scheduled to be presented at the Meeting. If any matter or matters are properly brought before the Meeting or any adjournment thereof, it is the intention of the persons named in the accompanying proxy card to vote the shares represented by the proxy card as they determine.

This is the first year that brokers, banks and other nominees are not permitted to vote on the election of directors without specific instructions from the beneficial owner. Therefore, if your shares are held through brokers, banks or other nominees, they will not be voted in the election of directors unless you provide specific instructions to your broker, bank or other nominee.

11. Q: Who pays for the costs of the Meeting?

A: Caraco pays the cost of preparing and printing the proxy statement and soliciting proxies. Caraco will solicit proxies primarily by mail, but may also solicit proxies personally and by telephone. Caraco will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their out-of-pocket expenses for forwarding solicitation material to beneficial owners of Caraco's common stock.

12. Q: When are shareholder proposals for the 2011 Annual Meeting due?

A: All shareholder proposals to be considered for inclusion in next year's proxy statement must be submitted in writing to the Secretary or Assistant Secretary of Caraco Pharmaceutical Laboratories, Ltd., 1150 Elijah McCoy Drive, Detroit, Michigan 48202, before April 15, 2011.

13. Q: How may a shareholder communicate with the Board of Directors?

A: Shareholders may communicate with the Board of Directors or any member of the Board of Directors by sending a letter addressed to the Board of Directors, c/o Donna Griffith, Director, Human Resources, at 1150 Elijah McCoy Drive, Detroit, Michigan 48202. The Board of Directors' policy is to have all shareholder communications compiled by the Director, Human Resources and forwarded directly to the Board or the director as indicated in the letter. All letters will be forwarded to the appropriate party. The Board of Directors reserves the right to revise this policy in the event that this process is abused, becomes unworkable or otherwise does not efficiently serve the purpose of the policy.

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PROPOSAL 1 – ELECTION OF DIRECTORS

Election of Board of Directors

Caraco’s Board of Directors is divided into three classes with each class of directors elected to a three-year term of office. At each annual meeting, Caraco shareholders elect one class of directors for a three-year term to succeed the class of directors whose term of office expires at that meeting. This year you are voting on two director candidates. Based on the recommendation of the Board of Directors, the following individuals, each of whom is a current director, are recommended for re-election: Timothy Manney and Sudhir V. Valia. Mr. Valia has been a director since 1997. Mr. Manney has been a director since 2004. Each of the nominees has consented to his nomination and has agreed to serve as a director of Caraco if elected.

If any director is unable or decides not to stand for re-election, Caraco may vote the shares to elect any substitute nominee recommended by the Board of Directors. If the Board of Directors does not recommend any substitute nominee, the number of directors to be elected at the Annual Meeting may be reduced by the number of nominees who are unable or decide not to serve.

The following table provides information as of the date of this proxy statement about each nominee. The information presented includes information that each director has given us about his age, all positions he holds and his principal occupation and business experience for the past five years. In addition, the presented information includes disclosure of each nominee’s specific experience, qualifications, attributes and skills that led our Board to the conclusion that he should serve as a director. The Board of Directors believes that all members of the Board have the highest professional and personal ethics and values.

Caraco’s Board of Directors recommends a vote “FOR” these nominees.

NOMINEES FOR DIRECTORS’ TERMS EXPIRING 2013

Directors	Age	Principal Occupation and Business Experience During Past 5 Years and other Directorships	Director Since
Timothy S. Manney	51	Since May 2002, Mr. Manney has been President and Director of Synova, Inc. (a privately-held information technology staffing and creative-services consulting firm). From 1990 to 2001, Mr. Manney served as the Chief Financial Officer of Covansys Corporation (a publicly-held information technology solutions company). We believe that Mr. Manney’s qualifications to sit on our Board include his 10 years of public accounting experience and his more than 20 years experience as an executive officer, including service as the principal financial officer of another public company.	2004
Sudhir V. Valia	54	Mr. Valia joined Sun Pharmaceutical Industries Limited (“Sun Pharma”) as a director in January 1994 and has been a full-time director since his appointment in April 1994. He is currently responsible for finance, commercial, operations, projects and quality control. Prior to then, Mr. Valia was a chartered accountant in private practice. Mr. Valia is a	1997

qualified chartered accountant in India. Mr. Shanghvi is Mr. Valia's brother-in-law.

We believe that Mr. Valia's qualifications to sit on our Board include his more than 16 years experience in the pharmaceutical industry with our parent, Sun Pharma, and his more than 20 years experience in finance, accounts and taxation.

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DIRECTORS' TERMS EXPIRING 2011

Directors	Age	Principal Occupation and Business Experience During Past 5 Years and other Directorships	Director Since
Jitendra N. Doshi	59	<p>Mr. Doshi has been appointed as Caraco's interim Chief Executive Officer effective July 2009. From 2006 to July 2009, he served as the Executive Director of Sun Pharmaceutical Industries, Inc., a generic pharmaceutical company and wholly-owned subsidiary of Sun Pharma. Mr. Doshi has served Caraco in the following positions: Chief Financial Officer (November 2002 to January 2007), Chief Operating Officer (November 2002 to January 2007), interim Chief Executive Officer (September 2003 to May 2005) and Senior Vice President-Commercial (April 2001 to November 2002). From September 1999 to April 2001, Mr. Doshi was employed by Sun Pharma as General Manager – Operations. From 1991 to 1999, Mr. Doshi was Managing Director of Aqua Bearing Ltd., an auto parts manufacturer organized under the laws of the Commonwealth of India.</p> <p>We believe that Mr. Doshi's qualifications to sit on our Board include his 20 years of service in the pharmaceutical industry and his extensive knowledge and experience, through a variety of executive officer positions, to the Company.</p>	2009
Sailesh T. Desai	56	<p>Mr. Desai has served as a full-time director of Sun Pharma since 1999, responsible for domestic marketing of some of the divisions dealing in specific therapy segments of pharmaceutical formulations. From 1994 to 1998, Mr. Desai was the principal shareholder and Managing Director of Milmet Laboratories, Pvt. Ltd., a manufacturer and marketer of ophthalmic solutions which was organized under the laws of the Commonwealth of India and merged into Sun Pharma in 1998.</p> <p>We believe that Mr. Desai's qualifications to sit on our Board include his many years as a successful entrepreneur and his more than 30 years of broad industrial experience, including more than 20 years service in the pharmaceutical industry.</p>	2000
F. Folsom Bell	68	<p>Mr. Bell has been a consultant on M&A transactions and involved in real estate development since 2006. From September 2000 to December 2005, Mr. Bell was the Executive Vice-President, Business Development of Perrigo Company, a global healthcare supplier that develops, manufactures and distributes over-the-counter and generic prescription pharmaceuticals, nutritional products, active pharmaceutical ingredients and pharmaceutical and medical diagnostic products. Mr. Bell was also a member of the board of directors of Perrigo Company from January 1981 through February 1986 and from June 1988 to January 2003. While a director of Perrigo Company, Mr. Bell served for six years on its audit committee,</p>	

including time as chairman. Mr. Bell was a certified public accountant for fifteen years with two major public accounting firms.

We believe that Mr. Bell's qualifications to sit on our Board include a wealth of financial, accounting and public company Board experience, including more than 20 years service in the pharmaceutical industry.