

TARO PHARMACEUTICAL INDUSTRIES LTD  
Form 20-F  
July 02, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 20-F**

(Mark One)

**.. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

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

**For the fiscal year ended March 31, 2013**

**OR**

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

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

**OR**

**.. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES**

**EXCHANGE ACT OF 1934**

Date of event requiring this shell company report \_\_\_\_\_

Commission file number 001-35463

**TARO PHARMACEUTICAL INDUSTRIES LTD.**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Israel

(Jurisdiction of incorporation or organization)

14 Hakitor Street, Haifa Bay 26110, Israel

(Address of principal executive offices)

Michael Kalb

Interim Chief Financial Officer

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c/o Taro Pharmaceuticals U.S.A., Inc.

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(Name, telephone, email and/or facsimile number and address of Company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

(Title of Class)

**Securities registered or to be registered pursuant to Section 12(g) of the Act:**

**Ordinary Shares, NIS 0.0001 nominal (par) value per share**

(Title of Class)

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:**

**None**

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

**44,768,087 Ordinary Shares, NIS 0.0001 nominal (par) value per share, and 2,600 Founders Shares NIS 0.00001 nominal (par) value per share were issued and outstanding as of March 31, 2013**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Note: checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If  Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.  Item 17  Item 18

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No



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### INTRODUCTION

We, among other business activities, develop, manufacture and market prescription and over-the-counter ( OTC ) pharmaceutical products, primarily in the United States (the U.S. ), Canada and Israel. We also develop and manufacture active pharmaceutical ingredients ( APIs ), primarily for use in our finished dosage form products. We were incorporated in 1959 under the laws of the State of Israel. In 1961, we completed the initial public offering of our ordinary shares in the United States. As of March 22, 2012, our ordinary shares are traded on the New York Stock Exchange (the NYSE ), under the symbol TARO.

As used in this Annual Report on Form 20-F for the year ended March 31, 2013 (the 2013 Annual Report ), the terms we, us, our, Taro and the Company mean Taro Pharmaceutical Industries Ltd. ( Taro Israel ) and its subsidiaries, unless otherwise indicated.

During 2012, our Board of Directors (the Board ) approved a change in our fiscal year end from December 31 to March 31. The new fiscal year end was effectuated to align our fiscal reporting period and our annual budget planning with that of our major shareholder, Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) ( Sun Pharma ).

This 2013 Annual Report is being filed in respect of the year ended March 31, 2013, and contains the audited consolidated financial statements for the year then ended. To disclose information as of the latest practicable date and to provide material information to shareholders, this 2013 Annual Report discloses events and other information occurring after the fiscal year ended March 31, 2013.

### FORWARD-LOOKING STATEMENTS

Except for the historical information contained in this 2013 Annual Report, the statements contained herein, in particular with respect to our business, financial condition and results of operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including all the risks discussed in Item 3D Key Information: Risk Factors and elsewhere in this Annual Report. We urge you to consider that statements which use the terms *believe*, *expect*, *plan*, *intend*, *estimate*, *anticipate*, *should*, *will*, *may*, *hope* and similar expressions are intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Except as required by applicable law, including the securities laws of the United States, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements appearing in this 2013 Annual Report are reported in United States dollars in thousands, unless otherwise indicated, and are prepared in accordance with generally accepted accounting principles in the United States of America ( U.S. GAAP ). Totals presented in this 2013 Annual Report may not total correctly due to rounding of numbers.

All references in this 2013 Annual Report to dollars, or \$, are to United States dollars and all references in this Annual Report to NIS are to New Israeli Shekels. The published <sup>(1)</sup> representative exchange rate between the NIS and the dollar for March 31, 2013 was NIS 3.65 per \$1.00. The published <sup>(2)</sup> representative exchange rate between the Canadian dollar and the dollar for March 31, 2013 was \$1.02 Canadian dollar per \$1.00. No representation is made that the NIS amounts or Canadian dollar amounts could have been, or could be, converted into dollars at rates specified herein or any other rate.

(1) As published by The Bank of Israel.

(2) As published by The Bank of Canada.

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Not applicable.

**ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**ITEM 3. KEY INFORMATION****A. SELECTED FINANCIAL DATA**

We have derived the following selected consolidated financial data for the year ended March 31, 2013, the three months ended March 31, 2012, and the years ended December 31, 2011 and 2010 and as of March 31, 2013 and March 31, 2012, from our audited consolidated financial statements set forth elsewhere in this 2013 Annual Report that have been prepared in accordance with U.S. GAAP. We have derived the consolidated selected financial data for each of the years ended December 31, 2009 and 2008 and as of December 31, 2011, 2010, 2009 and 2008 from our audited consolidated financial statements not included in this annual report. You should read the selected consolidated financial data together with *Item 5 Operating and Financial Review and Prospects* and our consolidated financial statements, related notes and other financial information included elsewhere in this 2013 Annual Report. In 2012, we changed our fiscal year end from December 31 to March 31.

	Year Ended March 31, 2013	Three months Ended March 31, 2012	2011	Year Ended December 31, 2010	2009	2008
U.S. dollars and shares in thousands (except per share data)						
<b>Consolidated Statements of Operations Data:</b>						
Sales, net	\$ 670,954	\$ 145,141	\$ 505,668	\$ 392,535	\$ 355,936	\$ 327,351
Cost of sales	176,128	45,971	176,143	159,158	147,091	139,510
Gross profit	494,826	99,170	329,525	233,377	208,845	187,841
<b>Operating expenses:</b>						
Research and development, net	46,508	9,847	30,867	36,393	33,303	33,681
Selling, marketing, general and administrative	86,438	23,101	93,918	107,902	100,344	97,125
Settlements and loss contingencies	33,300					
Total operating expenses	166,246	32,948	124,785	144,295	133,647	130,806
Operating income	328,580	66,222	204,740	89,082	75,198	57,035
Financial (income) expenses, net	(3,931)	1,000	(3,697)	11,840	13,575	(1,754)
Other gain (loss), net	3,352	(94)	609	755	548	469
Income before income taxes	335,863	65,128	209,046	77,997	62,171	59,258
Tax expense (benefit)	67,799	17,791	24,551	10,477	(69,657)	13,541
Income from continuing operations	268,064	47,337	184,495	67,520	131,828	45,717
Net (loss) income from discontinued operations	(1,194)	66	(1,217)	(2,969)	(15,077)	(15,196)

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Net income	266,870	47,403	183,278	64,551	116,751	30,521
Net income attributable to non-controlling interest	664	151	598	473	2,728	
Net income attributable to Taro	\$ 266,206	\$ 47,252	\$ 182,680	\$ 64,078	\$ 114,023	\$ 30,521
Net income from continuing operations attributable to Taro	\$ 267,400	\$ 47,186	\$ 183,897	\$ 67,047	\$ 129,100	\$ 45,717
Net (loss) income from discontinued operations attributable to Taro	(1,194)	66	(1,217)	(2,969)	(15,077)	(15,196)