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

**Amendment No. 16  
to  
SCHEDULE 14D-9**

**Solicitation/Recommendation Statement Under Section 14(d)(4)  
of the Securities Exchange Act of 1934**

**TARO PHARMACEUTICAL INDUSTRIES LTD.**  
(Name of Subject Company)

**TARO PHARMACEUTICAL INDUSTRIES LTD.**  
(Name of Person(s) Filing Statement)

**Ordinary Shares, NIS 0.0001 nominal (par) value per share**  
(Title of Class of Securities)

**M8737E108**  
(CUSIP Number of Class of Securities)

**Taro Pharmaceutical Industries Ltd.  
Tal Levitt  
Secretary  
Italy House, Euro Park  
Yakum 60972, Israel  
+972-9-971-1800**

(Name, Address and Telephone Number of Person Authorized to Receive  
Notices and Communications on Behalf of the Person(s) Filing Statement)

**With copies to:**

**Jeffrey W. Tindell  
Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
(212) 735-3000**

☐ Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer

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This Amendment No. 16 to the Schedule 14D-9 (this "Amendment"), filed with the U.S. Securities and Exchange Commission (the "SEC") on December 18, 2009, amends and supplements the Schedule 14D-9 filed with the SEC on July 10, 2008 by Taro Pharmaceutical Industries Ltd., a company incorporated under the laws of the State of Israel ("Taro" or the "Company"), as previously amended by Amendment Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 thereto filed with the SEC on July 23, 2008, July 28, 2008, August 28, 2008, August 29, 2008, September 2, 2008, September 10, 2008, November 12, 2008, January 5, 2009, January 6, 2009, January 6, 2009, March 31, 2009, September 29, 2009, December 8, 2009, December 10, 2009 and December 15, 2009, respectively. The Schedule 14D-9 relates to the tender offer by Alkaloida Chemical Company Exclusive Group Ltd., a company organized under the laws of the Republic of Hungary (the "Offeror") and a subsidiary of Sun Pharmaceutical Industries Ltd., a company organized under the laws of the Republic of India ("Sun India" and, together with the Offeror and their respective affiliates, collectively, "Sun"), to purchase all of the Company's ordinary shares, NIS 0.0001 nominal (par) value per share, for \$7.75 per share, net to the seller (subject to withholding taxes, as applicable) in cash, without interest, upon the terms and subject to the conditions described in the Tender Offer Statement on Schedule TO filed by Sun with the SEC on June 30, 2008, as amended.

The information in the Schedule 14D-9 and prior amendments is incorporated in this amendment by reference to all of the applicable items in the Schedule 14D-9 and prior amendments, except that such information is hereby amended and supplemented to the extent specifically provided herein.

**Item 4. The Solicitation or Recommendation; Item 8. Additional Information.**

Item 4 and Item 8 of the Schedule 14D-9 are hereby amended and supplemented by adding thereto the following information:

On December 18, 2009 the Company met with RiskMetrics Group, Inc. to discuss the Company's upcoming Annual General Meeting on December 31, 2009.

A copy of the presentation to RiskMetrics Group, Inc. is filed as an exhibit hereto and is incorporated herein by reference.

**Item 9. Exhibits.**

Item 9 of the Schedule 14D-9 is hereby amended and supplemented by adding the following exhibit:

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| (a)(17)            | Presentation to RiskMetrics Group, Inc. dated December 18, 2009 |

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SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Amendment No. 16 to Schedule 14D-9 is true, complete and correct.

TARO PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Tal Levitt

Name: Tal Levitt

Title: Secretary

Date: December 18, 2009

# Protecting Shareholder Value

December 18, 2009  
RiskMetrics Group, Inc.

# Information Concerning Forward Looking Statements and Certain Other Information



Certain statements in this presentation may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company's financial turnaround, profitability, operations and performance, statements regarding the Company's 2006 - 2009 financial results, and the Company's audits for 2006 - 2009. Although Taro Pharmaceutical Industries Ltd. believes the expectations reflected in such forward-looking statements to be based on reasonable assumptions, it can give no assurance that its expectations will be attained. Factors that could cause actual results to differ include industry and market conditions; changes in the Company's financial position; regulatory actions; and other risks detailed from time to time in the Company's SEC reports, including its Annual Reports on Form 20-F. Forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to update, change, or revise any forward-looking statements, whether as a result of new information, additional or subsequent developments or otherwise.

The Company cautions that the financial information presented herein does not constitute complete financial information, has not been reviewed by its independent auditors and is subject to possible change. However, subject to the preceding caveats, the Company believes that the information presented herein represents the best information currently available to Taro management.

# Today's Agenda

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- Critical Decision: Sun-Caraco or Taro?
- Taro's Financial Performance
- Status of the Audit
- Indemnification
- Conclusion

# Today's Agenda

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- At our Annual Meeting Taro's Board is nominated for re-election.
- Sun advises shareholders to vote against the Taro Board.

# Today's Agenda

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- If the Board is not re-elected, Taro will be leaderless.
- In the ensuing confusion, Sun may attempt to take control of Taro without paying a fair price to shareholders.



# Sun-Caraco or Taro

- In August 2009, RiskMetrics made the following recommendation to Caraco shareholders

|                    |            |
|--------------------|------------|
| –Dilip Shanghvi    | - WITHHOLD |
| –G. Singh Sachdeva | - WITHHOLD |

## Sun-Caraco or Taro

- Here is what RiskMetrics said about Caraco in its report:
  - The board is not majority independent
  - 5 of 8 Caraco directors are Sun affiliated insiders
  - Several insiders attended less than 75% of meetings
  - RiskMetrics recommended withholding votes from insiders

# Sun-Caraco or Taro

- After RiskMetrics recommended against the re-election of Mr. Shanghvi and Mr. Sachdeva, the following new facts came to light:
  1. Resignation of Mr. Ugeux
  2. Indian government investigation of letrozole
  3. Caraco's manufacturing operations remain shut down by the FDA with no time table offered to reopen

# Sun-Caraco or Taro

- Chairman of the independent directors committee, Georges Ugeux resigned, calling for an independent investigation:

“... as I have reiterated consistently throughout the past several weeks, the basis for my disagreement is management’s and **the majority shareholder’s absolute refusal to permit a focused independent look at corporate governance matters** to determine if they contributed to the events leading up to the FDA seizure. In my view, what might be learned from such an exercise would provide an opportunity to re-evaluate and correct, if appropriate, corporate governance going forward for the benefit of all shareholders of the Company.”

# Sun-Caraco or Taro

- In October 2009, India's Drugs Technical Advisory Board, its highest body on technical matters pertaining to the pharmaceutical industry, said it would investigate whether appropriate approval procedures were followed in allowing Sun to **market the cancer drug letrozole as a treatment for infertility**, on the basis of clinical trials involving a study of only 55 women. Femara®, the branded form of letrozole, states in its package insert<sup>1</sup> that "You should not take Femara® if you are premenopausal ... as it **may cause harm to an unborn child**." (Emphasis added)

1. Femara's® package insert states: "You should not take Femara® if you are premenopausal. Your doctor should discuss the need for adequate birth control if you have the potential to become pregnant, if you are not sure of your postmenopausal status, or if you recently became postmenopausal. Femara® is only indicated in postmenopausal women....You should not take Femara® if you are pregnant as it may cause harm to an unborn child...."

# Sun-Caraco or Taro

- Caraco's manufacturing operations remain closed by the FDA.
- The FDA spokesperson, Mr. David Jaworski, stated that the FDA "...also observed poor decisions being made by the company's management who are responsible for the quality of the drug products being manufactured."

# Sun-Caraco or Taro

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- If Sun-affiliated directors are not good for Caraco, then they will not be good for Taro.
- It is important that you recommend a vote "For" the current Board to prevent a Sun takeover of Taro at an unfair price.

# Taro's Financial Performance



# Impressive Financial Performance

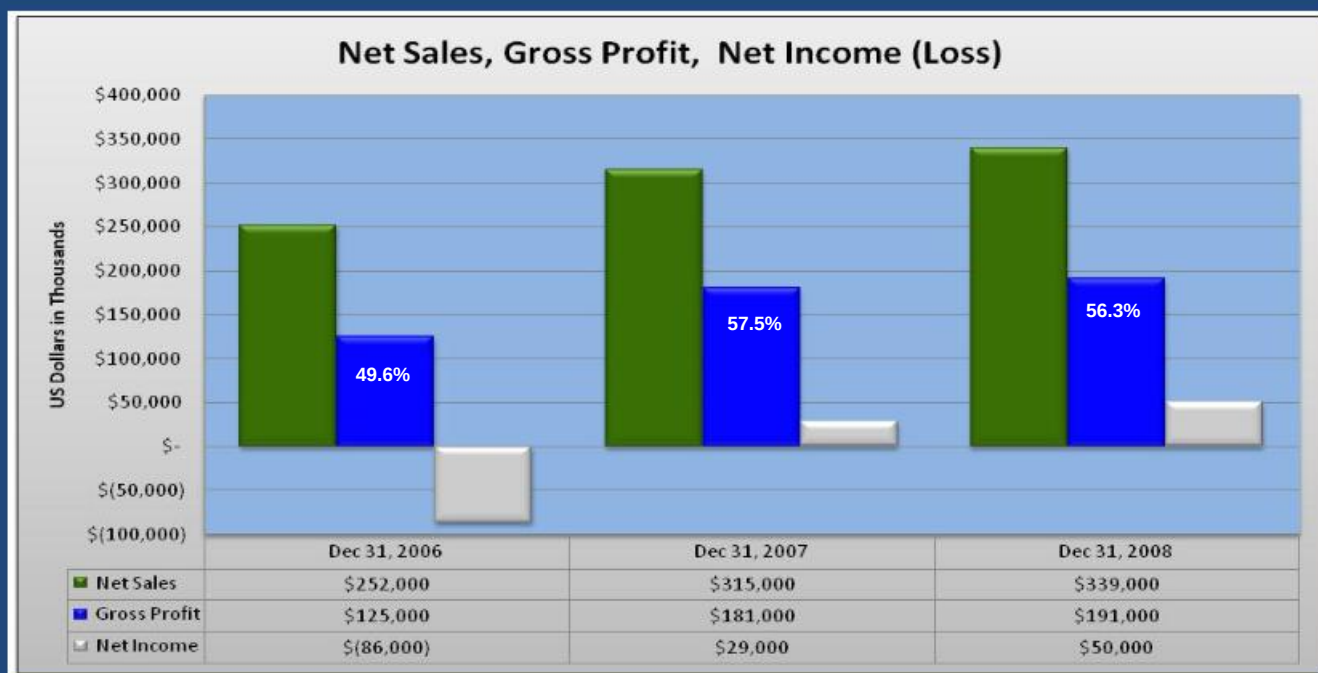
## Strong Platform for Profitable Growth



- Eleven consecutive quarters of profitability, significant financial and operational improvements
- Across the board improvements in key drivers, including Net Sales, Gross Profit, Net Income, Debt Reduction and Cash
- In a difficult economic environment impacting companies around the world, Taro's business is performing well
- Taro continues to perform independent research on both generic and novel drugs

# Impressive Financial Performance

## Strong Platform for Profitable Growth



The financial information presented here is unaudited and subject to further review, however it represents the best information currently available to management.

# Impressive Financial Performance

## Strong Platform for Profitable Growth



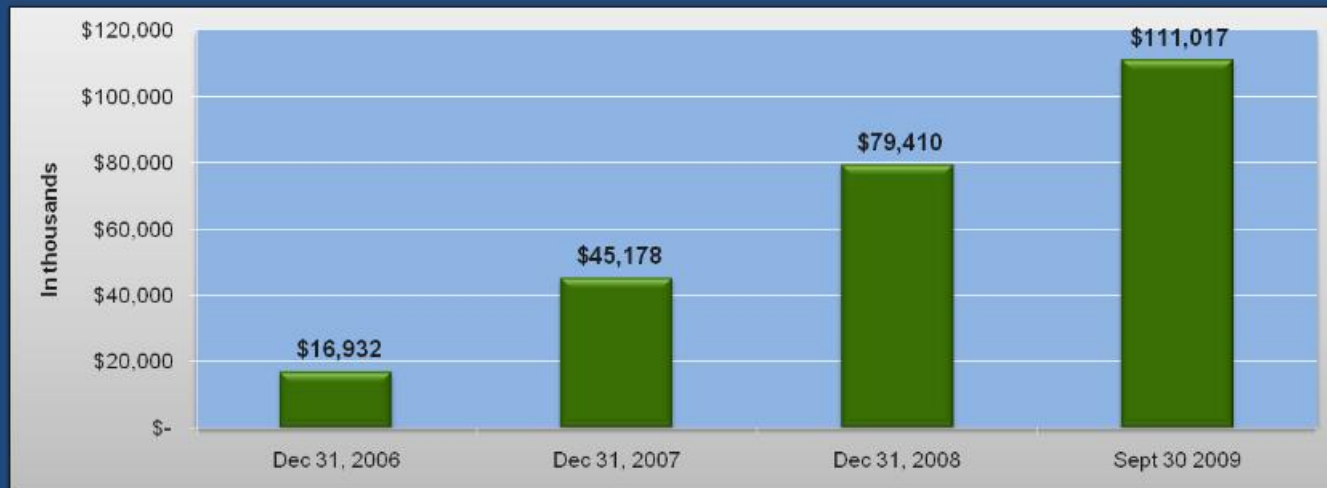
The financial information presented here is unaudited and subject to further review, however it represents the best information currently available to management.

# Impressive Financial Performance

## Strong Balance Sheet - Cash



Prudent cash management has resulted in a marked improvement in the Company's cash position



The Company's cash position at year-end 2007 includes cash received as a result of the private placement sale of securities to Sun Pharmaceutical Industries Ltd. ("Sun") in May and July 2007. The Company's cash position as of December 31, 2008 and September 30, 2009 includes \$6.25 million in restricted cash deposits.

# Impressive Financial Performance

## Cash Increased, Debt Reduced



The increase in cash combined with a reduction in our total debt is the strongest confirmation of our growing sales, profitability and effective cash management



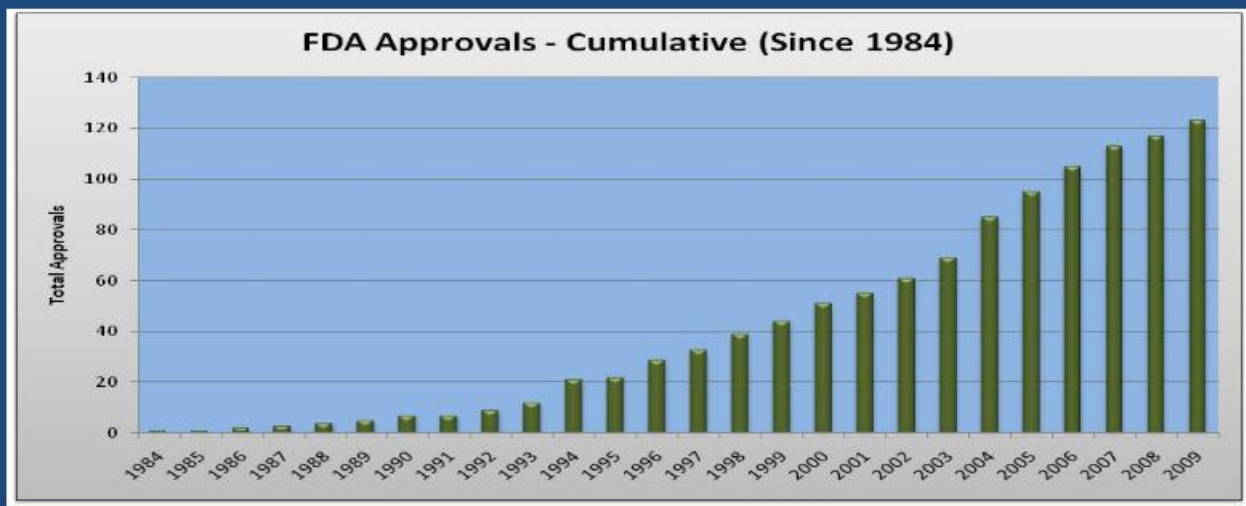
Net debt is defined as total debt offset by the value of hedging instruments, less cash and cash equivalents. The reduction in net debt from March 2007 to June 2007 was primarily attributable to net cash generated by financing activities - in particular, the private placement sale of securities in the net amount of approximately \$56.4 million to Sun.

# New Products - Investing in R&D and Regulatory Approvals



Over the past 50 years Taro has built a strong record of operational achievements:

- Approval of 124 Abbreviated and New Drug Applications in the U.S. alone since 1984
- Effective R&D platform; strong product pipeline; patents for new treatments of diseases where no effective treatments are available
- Vertical integration of key product lines
- Leadership in generic and proprietary niche topical dermatologic products



# Taro vs Caraco Past 2 years



Green - Caraco  
Red - S&P 500  
Blue - Taro

# Taro vs Caraco and S&P - 15+Yr Trend



Green - S&P 500

Red - Caraco

Blue - Taro



# Indemnification

# Indemnification

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- Importance of indemnification
- Existing indemnification
- Ratification proposed as a result of Sun's lawsuit

# Indemnification of Directors



- In 2005 shareholders approved indemnification of directors to “the fullest extent permitted by law.”
- The current proposal is for ratification of existing indemnification and does not add anything beyond “the fullest extent permitted by law.”

# Indemnification of Directors

## Under Israeli Law



- Under Israeli law, indemnification may not be provided in the following instances:
  - For violations of a director's duty of care committed intentionally or recklessly (except when committed by negligence only)
  - For breach of a director's duty of loyalty to the company (unless in good faith and with reasonable grounds to assume that the action in question would not harm the best interests of the company)
  - For a fine or forfeiture imposed on the director
  - For an act performed with the intention to obtain a personal profit unlawfully

# Indemnification of Directors



- The only reason we are asking shareholders to ratify our existing indemnification at this time is in response to the frivolous lawsuit filed against Taro and its directors by Sun, which challenges their right to indemnification - something that virtually all directors of public corporations enjoy. Whether or not the indemnification proposal is passed at this year's meeting, our board will have the benefit of the indemnity approved in 2005 - the only difference is that we will have to spend additional funds to defeat Sun's baseless challenge to the indemnity, which Sun has brought to serve its own self-interest.

# Why is Indemnification Important ?

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- A standard of good governance in public companies in the U.S. and Israel
- Allows directors to exercise their duty of care in good faith without fear of personal liability
- Insulates directors from threats and intimidation

# Status of the Audit

# Status of the Audit

- We understand the shareholder frustration with the lack of audited financials. We share that frustration.
- Our audits for 2006 and the restated years of 2005 and 2004 are almost complete.
- With 2006 completed, it should be much less time consuming to finish 2007, 2008 and 2009.
- Relisting will be requested promptly thereafter.



# Conclusion

- The Taro directors will be better for the shareholders than the Sun-Caraco alternative
- The Company has been performing well with this Board
- In order to continue to protect shareholder value, we ask that you recommend that shareholders vote “For” the items listed in the Company’s proxy for the upcoming December shareholders meeting