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NEULAND LABS REPORTS SECOND QUARTER FISCAL YEAR 2012 FINANCIAL RESULTS

--Revenues in the Quarter Increased 22% Year-Over-Year and EBITDA Rose Almost 29%--

Hyderabad, India – NOVEMBER 3, 2011 – Neuland Laboratories Ltd., (NSE:NEULANLAB; BOM:524558) a pharmaceutical manufacturer providing [active pharmaceutical ingredients](#) (APIs), complex intermediates, and [contract research and manufacturing](#) services to customers located in 85 countries, today announced financial results for the second quarter of fiscal year (FY) 2012, ended September 30, 2011.

Revenues for the second quarter of FY 2012 were \$25.2 million (1.23 billion INR*) compared to revenues in the second quarter of FY 2011 of \$20.6 million (1.01 billion INR), an increase of more than 22%. The increase in revenues primarily reflects gains in sales of the company's products and services from its API, contract research and manufacturing, and [peptides synthesis](#) businesses.

Neuland reported EBITDA of \$2.29 million (111.84 million INR) in the second quarter of FY 2012, compared to EBITDA of \$1.78 million (87.25 million INR) in the comparable period in FY 2011, an increase of almost 29%.

The company reported an after-tax loss in the second quarter of FY 2012 of \$0.26 million, (negative 12.58 million INR), compared to after-tax profits of \$0.59 million (28.8 million INR) in the second quarter of FY 2011. The loss reported in the second quarter of FY 2012 primarily reflects non-cash, unrealized losses on foreign exchange rate hedges.

"In the second quarter of FY 2012 we continued to achieve good sales growth momentum, increasing our top line revenues by more than 22% compared to the same period last year," said Dr. D.R. Rao, Chairman and Managing Director of Neuland Labs. "Neuland did even better on EBITDA in the second quarter, which increased almost 29% year-on-year, as we worked to closely manage our tangible costs while increasing sales. Non-cash, unrealized expenses primarily associated with managing our foreign exchange needs generated an accounting loss for the quarter, but on an operational basis our businesses grew nicely, and did so in a profitable way."

"We are pleased at Neuland's continuing strong performance despite a volatile world economy," noted Sucheth R. Davuluri, Chief Executive Officer of Neuland Labs. "We intend to continue our current strategy of pursuing additional business in higher margin sectors where Neuland's established reputation for quality, service and innovation may provide a potential competitive edge."

For a complete set of Neuland's FY 2012 and FY 2011 financial data, visit

<http://neulandlabs.com/about/financials.html>.

Neuland Laboratories is listed on India's National Stock Exchange under the symbol NEULANLAB and on the Bombay Stock Exchange under code 524558 and the symbol Neuland.EO.

* = Indian rupees

Neuland Laboratories Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, an offer on a rights basis of its equity shares in the near future and has filed a Draft Letter of Offer in this regard with the Securities and Exchange Board of India (SEBI) on 30th September 2011. It is available on the website of SEBI at www.sebi.gov.in and the website of the Lead Manager at www.sbicaps.com.

About Neuland Labs

For over 25 years Neuland Labs has been at the forefront of supporting drug development through its consulting services and its cGMP contract and API manufacturing. The company is committed to research, supporting a state-of-the-art R&D operation. Neuland Labs scientists have developed more than 300 processes from bench scale to commercial production and filed more than 400 drug master files worldwide. Its manufacturing facilities are inspected and approved by the FDA and other leading regulatory agencies. Its record of quality manufacturing and reliability is highlighted by cGMP certifications that include the FDA, TGA, EDQM, German Health Authority, ISO 14001, ISO 27001 and OHSAS 18001. For more information, visit www.NeulandLabs.com

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