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NEULAND LABS REPORTS THIRD QUARTER FISCAL YEAR 2012 FINANCIAL RESULTS

Hyderabad, India – February 10, 2012 – 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 third quarter of fiscal year (FY) 2012, ended December 31, 2011.

Revenues for the third quarter of FY 2012 were \$21.6 million (1.10 billion INR*) compared to revenues in the third quarter of FY 2011 of \$19.0 million (968 million INR), an increase of about 13.7%. 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 \$1.85 million (94.50 million INR) in the third quarter of FY 2012, compared to EBITDA of \$2.19 million (111.85 million INR) in the comparable period in FY 2011, a decrease of about 15.5%. The decrease in EBITDA in the current quarter primarily reflects higher materials and labor costs compared to the year-earlier period.

The company reported an after-tax loss in the third quarter of FY 2012 of (\$0.67 million), (negative 34.00 million INR), compared to after-tax profits of \$ 0.82 million (41.59 million INR) in the third quarter of FY 2011. The loss reported in the third quarter of FY 2012 partly reflects non-cash, unrealized losses on foreign exchange rate hedges.

"In the third quarter of FY 2012 we reported good sales growth compared to the same period in FY 2011," noted Dr. D.R. Rao, Chairman and Managing Director of Neuland Labs. "However, rising materials and labor costs, along with non-cash, unrealized expenses primarily associated with managing our foreign exchange needs generated a small loss for the quarter."

"We are pleased that Neuland increased its revenues in the third quarter of this year compared with our top-line results in fiscal 2011," said Sucheth R. Davuluri, Chief Executive Officer of Neuland Labs. "We intend to continue our strategy of growing both our established and newer lines of business, which build on Neuland's reputation for quality, service and innovation."

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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