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NEULAND LABS REPORTS FINANCIAL RESULTS FOR FISCAL YEAR 2011

–Revenues Increased 41% Year-Over-Year and EBITDA Rose 78%, Setting the Stage for Continued Growth–

Hyderabad, India – MAY 20, 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 2011 fiscal year (FY) ended March 31, 2011.

“I am pleased to report that in fiscal year 2011, Neuland delivered on our commitment to return the company to profitability and robust growth,” said Dr. D.R. Rao, Chairman and Managing Director of Neuland Labs. “We achieved increases in revenues across all of our lines of business, with especially strong gains in Active Pharmaceutical Ingredients sales. We significantly increased our operating cash flow by almost doubling EBITDA from last year, and also posted a modest profit. We are optimistic that the strategic and operational initiatives that helped produce these encouraging results will enable us to achieve continued sales and profit growth in the current year.”

Revenues for FY 2011 were \$88.8 million (3.99 billion INR*) compared to FY 2010 revenues of \$62.9 million (2.83 billion INR), an increase of 41%. 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 businesses.

Neuland reported FY 2011 EBITDA of \$11.1 million (500 million INR), compared to EBITDA of \$6.2 million (281 million INR) in FY 2010, an increase of 78%. The increase in EBITDA reflected higher sales revenues and improved capacity utilization, as well as the company’s success in reducing its debt obligations during the 2011 fiscal year.

After-tax profits in FY 2011 were \$1.1 million (51 million INR), compared to a net loss of \$1.5 million (70 million INR) in FY 2010.

“The across-the-board gains we achieved in FY 2011 show that we are beginning to reap the benefits of the investments we made over the past few years,” commented Sucheth R. Davuluri, Chief Executive Officer of Neuland Labs. “We also made good progress in reducing the debt we had incurred to help finance those investments, and we look forward to further gains as well in our ongoing enterprise-wide efforts to strengthen our margins.”

For a complete set of Neuland’s FY 2011 and FY 2010 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

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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