

GOBIND SUGAR MILLS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
[For the quarter ended 31st March, 2008]

The management of Gobind Sugar Mills Limited is pleased to present its assessment of the prevailing industrial scenario for the quarter ending 31st March, 2008.

Sugar Season 2007-08

1. Contrary to earlier expectations of another record output, India's 2007-2008 production is likely to be around 26.5 million tons. This decline in production can be attributed to a number of factors. Widespread floods in Eastern India coupled with ill-distributed rainfall in the rest of the region resulted in substantially lower yields of sugarcane. Furthermore, a reduction in sugarcane price to farmers in most of the States due to low sugar prices and accumulated sugarcane price arrears resulted in large scale diversion of sugarcane to alternate sweeteners and consequently lower cane was available to sugar factories. This fall in production has somewhat improved the sentiments in the sugar markets and arrested the downward spiral of prices which now have improved marginally. As bulk of the world's sugar surplus is located in India, world sugar prices have also seen an improvement.
2. To facilitate sugar exports, the requirement of release order for export by the Government of India is no longer there. For the first time, India exported raw sugar in sizeable quantities. This has opened a new vista for Indian sugar industry. India exported 1.37 million tonnes of sugar by the middle of February 2008, out of which raw sugar accounted for 0.78 million tonnes. The country's sugar export is likely to be more than 2 million tons in sugar season 2007-2008.
3. The central Government has increased the Sugar Cess on sugar by Rs. 9 per quintal increasing from Rs. 15 to Rs. 24 per quintal on sugar dispatched or delivered with effect from 1st March, 2008.

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4. Indian Sugar Equation

| All Figures (lakh tonnes) | | | |
|---------------------------|----------------------------------|---|--|
| | | <u>Estimates for the season 2007-08</u> | <u>Actual for the season 2006-07</u> |
| 1. | Opening Stock as on 1st October. | 95.00 | 39.02 |
| 2. | Production | 265.00 | 283.28 |
| 3. | Imports | 0.00 | 0.00 |
| 4. | Total availability | 360.00 | 322.30 |
| 5. | Domestic Consumption | 215.00 | 210.00 |
| 6. | Exports | 20.00 | 17.28 |
| 7. | Closing Stock | 125.00 | 95.02 |

OPERATIONS

5. The operations at the company's various plants are as follows:

| <u>Crushing & Production (lacs qtls.)</u> | | | | |
|--|--------------------|-----------------------|----------------------------|----------------------------|
| | | Season 2006-07 | | Season 2007-08 |
| | | Total Season | Upto 31.03.2007 | Upto 31.03.2008 |
| 1. | Total cane crushed | 113.00 | 91.68 | 76.12 |
| 2. | Average recovery | 9.65% | 9.68% | 9.58% |
| 3. | Sugar production | 10.90 | 8.81 | 7.30 |
| 4. | Crushing started | 12.11.2006 | 12.11.2006 | 29.11.2007 |
| 5. | Crushing stopped | 09.05.2007 | | 25.03.2008 |

OUTLOOK

6. The year 2008 is expected to see a turnaround for the Indian Sugar Industry. While the industry will continue to struggle with large stocks

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of sugar during the current year, a further fall in production is expected during the season 2008-09. This should result in an improvement in sugar prices that have recently stopped falling.

CAUTIONARY STATEMENT

7. The statements in the Management Report detailing the Company's objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. As these statements are based on certain assumptions and expectations of future events, actual results could differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of subsequent developments, information or events.