

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

The Corporate Governance philosophy of the Company is founded upon transparency, accountability, values and ethics and is an integral part of the management in its pursuit for excellence, growth and value creation. The Company is committed to adopt highest standards of corporate governance and disclosure practices to ensure that its affairs are managed in the interest of all stakeholders. The comprehensive written code of conduct called "Tata Code of Conduct" which has been adopted by the Tata group including the Company serves as a guide on the standards of values, ethics and business principles to be followed by the Company in running its affairs. The Company has adopted the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations and the Whistle Blower Policy. The Company has also adopted the Tata Business Excellence Model, which stresses on excellence in whatever the Company does, while upholding high levels of values and business ethics. The Company is in total compliance with Clause 49 of the Listing Agreement with the stock exchanges.

2. Board of Directors

The Board of Directors comprises of the Managing Director, three Executive Directors and nine Non-Executive Directors. During 2007-08 the Board met five times on 29th May, 2007; 16th July, 2007; 31st July, 2007; 25th October, 2007 and 24th January, 2008.

Details of attendance of Directors at the Board Meetings and at the last Annual General Meeting with particulars of their Directorship and Chairmanship/Membership of Board/Committees in other Companies are given in the following Table.

Name of Director Messrs.	Category	Attendance at		No. of other Directorships	Committee Positions		No. of Shares held
		Board Meeting	Last AGM		Member	Chairman	
R.K. Krishna Kumar	C (NED)	4	No	11	2	-	-
Y.H. Malegam	NED & IND	5	Yes	9	4	4	700
D.M. Dasappa	NED & IND	5	Yes	-	-	-	21815
R. Govindarajan	NED & IND	5	Yes	-	-	-	1000
M.H. Ashraff	MD	5	Yes	1	-	-	-
P.T. Siganporia	NED	4	No	2	-	-	50
U. Mahesh Rao	NED & IND	5	Yes	2	3	1	-
A. Monappa	NED & IND	4	Yes	-	-	-	-
Hameed Huq	ED	5	Yes	-	-	-	199
A. Sengupta	ED	5	Yes	1	-	-	-
Sangeeta Talwar	NED	4	No	1	-	-	-
Barbara A. Roth (x)	NED	-	No	-	-	-	-
Sanjiv Sarin (xx)	ED	-	No	-	-	-	-

(x) Appointed w.e.f 25.10.2007

(xx) Appointed w.e.f. 11.02.2008

C-Chairman; NED-Non-Executive Director; IND-Independent; MD-Managing Director; ED-Executive Director

Other directorships do not include alternate directorships, directorships of private limited companies and of companies incorporated outside India.

Chairmanship/Membership of Board Committees include membership of Audit and Shareholders/Investors' Grievance Committees only.

No Director is a member of more than 10 Committees or Chairman of more than 5 committees across all Companies in which he is a Director.

Minutes of the meetings of the Board Committees are circulated to all the Directors.

3. Audit Committee

The Audit Committee of the Board comprises of Mr. Y.H. Malegam, Prof. Arun Monappa and Mr. R. Govindarajan. Mr. Y.H. Malegam, the Chairman of the Committee has expert knowledge of finance and accounting. All the members of the Audit Committee are non-executive independent Directors.

During 2007-08, the Audit Committee met six times on 29th May, 2007; 16th July, 2007; 30th July, 2007; 24th October, 2007, 23rd January, 2008 and 13th February, 2008. The Committee Meetings are attended by the Managing Director, Executive Director (Plantations), Executive Director (Instant Coffee Operations), Executive Director (Business Development), Vice President (Finance), Vice President (Corporate), Sr. General Manager (Internal Audit) and the Company Secretary, who acts as the Secretary of the Audit Committee. The representatives of the Statutory Auditors also attend the Audit Committee Meetings.

The broad terms of reference of the Audit Committee include:

- (a) Review of the quarterly and half yearly financial statements with the management;
- (b) Review with the management and statutory auditors, the annual financial statements before submission to the Board;
- (c) Recommending the appointment and removal of statutory auditors, fixation of audit fee and payment for any other services rendered.
- (d) Review with the management, statutory auditors and the internal auditors, the adequacy of internal control systems;
- (e) Reviewing the adequacy of the internal audit function;
- (f) Discuss with the statutory auditors before the audit commences, the nature and scope of audit as well as post audit discussions to ascertain areas of concern, if any.
- (g) Consideration of the reports of internal auditors and discussion about their findings with the management and suggesting corrective actions, wherever necessary.
- (h) Overview of the Company's financial reporting process and disclosure of financial information.
- (i) Look into the reasons for substantial defaults in payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividend) and creditors, if any.
- (j) Reviewing the Company's financial and risk management policies.
- (k) Reviewing compliances as regards the Company's Whistle Blower Policy.

Details of Attendance of Directors at the Audit Committee Meetings are given in the following table:

Director Messrs.	No. of Committee Meetings attended
Y.H. Malegam	6
R. Govindarajan	5
Prof. Arun Monappa	5

4. Remuneration Committee

The Remuneration Committee comprises of Mr. Y.H. Malegam as Chairman with Mr. R.K. Krishna Kumar, Mr. R. Govindarajan and Prof. A. Monappa as the other members. During 2007-08, the Remuneration Committee met on 29th May, 2007 and 24th January, 2008.

The Remuneration Committee is responsible for reviewing the performance of the Managing Director and Executive Directors and recommending to the Board, their remuneration package including annual increment, incentive remuneration, commission and retirement benefits.

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The Company pays Sitting Fee of Rs.10,000/- per meeting to the Non-Executive Directors for attending meetings of the Board, Audit Committee and other Committees, except for the meetings of the Shareholders/Investors Grievance Committee for which no Sitting Fee is payable. Payment of commission to Non-Executive Directors has been approved by the Shareholders. The Commission to the Non-Executive Directors is decided each year by the Board of Directors and distributed amongst the Non-Executive Directors based on their attendance and contribution at the Board and certain Committee meetings, as well as the time spent on operational matters other than at meetings. The Company also reimburses the out of pocket expenses incurred by the Directors for attending meetings.

The Commission to the Non-Executive Directors for 2007-08 aggregates to Rs.37.50 Lakhs.

Details of Remuneration of Managing Director and Executive Directors for the year 2007-08:

(Rs. in Lakhs)

	Managing Director	Executive Director (Plantations)	Executive Director (ICO)	Executive Director (BD)
Salary	60.12	27.43	32.79	5.83
Allowances & Perquisites	17.91	7.49	5.52	0.26
Contribution to Retiral funds	9.52	5.50	4.62	0.83
Commission	40.00	25.00	17.50	4.50

5. Shareholders Committee

The Board has constituted a Shareholders/Investors Grievance Committee, which comprises of Mr. R.K. Krishna Kumar, Chairman; Mr. R. Govindarajan and Mr. M.H. Ashraff. During the year the Committee met four times on 29th May, 2007; 16th July, 2007; 25th October, 2007 and 24th January, 2008. The Committees overseas the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement in the quality of investor service. The Company Secretary is the Compliance Officer. Given below is the position of complaints received and attended to for the year 2007-08.

Requests/Queries/Complaints received	1789
Requests/Queries/Complaints attended	1786
Pending requests/queries/complaints as on 31.03.2008	3

The letters received through Statutory/Regulatory bodies are identified as complaints for reporting under Clause 41 of the Listing Agreement.

The Shares of the Company are traded in dematerialised form. During 2007-08, 173 requests for transfer and 534 requests for dematerialisation of Shares were received and processed. As on 31.03.2008, 1 share transfer case covering 16 shares and 4 requests for dematerialisation covering 810 shares were pending. The requests were attended to in April, 2008.

6. Code of Conduct

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes have been posted on the Company's Website.

7. General Body Meetings

Date, time and location of the last three Annual General Meetings.

Year	Date & Time of Meeting	Venue	Special Resolutions approved
2004-05	4th August, 2005 at 11.00 AM	Registered Office: Pollibetta – 571 215, Kodagu	1. Payment of Commission to Non-Executive Directors for a period of 5 years commencing 1st April, 2005. 2. Commencement of businesses set out in Clause 3 (2)(A) to (K) of the Memorandum of Association.
2005-06	29th July, 2006 at 12.00 Noon	-do-	Alteration of Articles of Association for increase in the Authorised Capital from Rs.20 Crores to Rs.25 Crores.
2006-07	31st July, 2007 at 11.00 AM	-do-	N I L

The Special Resolutions were duly passed at the respective Annual General Meetings and no postal ballots were used/invited for voting.

8. Disclosures

- (a) Disclosures of materially significant related party transactions i.e., transactions of the Company of material nature with its promoters, directors, management, subsidiary companies or relatives etc., that may have potential conflict with the interest of the Company at large:

In terms of Accounting Standard 18, details of transactions with related parties have been reported in the Notes on Accounts. There were no materially significant transactions that had conflict with the interest of the Company.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years:

There was no such instance of non-compliance in the last three years.

9. Means of Communication

Quarterly, Half yearly and Annual Financial Results are faxed/couriered to the Stock Exchanges and displayed on the EDIFAR in accordance with the Listing Agreement. Financial Results are also published in Newspapers viz., The New Indian Express – English and Kannada Prabha – Kannada and posted on the Company's website "tatacoffee.com". In terms of clause 47(f) of the Listing Agreement, the Company has designated a separate email ID for entertaining investor complaints viz., investors@tatacoffee.com

Management Discussion & Analysis Report forms part of the Annual Report.

10. General Shareholder information

I. AGM: Date, Time and Venue	18th August, 2008 at 11.30 A.M at the Registered Office: Pollibetta – 571 215, Kodagu.	
II. Financial Calendar (tentative)	Board Meeting for approval of: Audited Results for the first quarter ending June 30, 2008	In July, 2008
	Audited Results for the second quarter ending September 30, 2008	In October, 2008
	Audited Results for the third quarter ending December 31, 2008	In January, 2009
	Annual Accounts 2008-2009	In May/June, 2009
	Annual General Meeting for the year ended 31st March, 2009	In July/August, 2009
III. Dates of Book Closure	1st August, 2008 to 18th August, 2008 (both days inclusive)	
IV. Dividend Payment Date	The Dividend warrants will be mailed on or after 18 th August, 2008.	
V. Listing on Stock Exchanges	Bangalore Stock Exchange Ltd Stock Exchange Towers, No.51, 1st Cross, J.C.Road, Bangalore-560 027. Tel: 080-41575234/54 Fax: 080-22995242	
	Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Tel: 022-22721233/34 Fax: 022-22723121 Stock Code: 532301	
	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G.Block Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 Tel Nos: 022-26598100-8114, Fax : 022-26598237/38 Stock Code: TATACOFFEE	
	The Company has paid Listing Fees for the financial year to each of the Stock Exchanges.	

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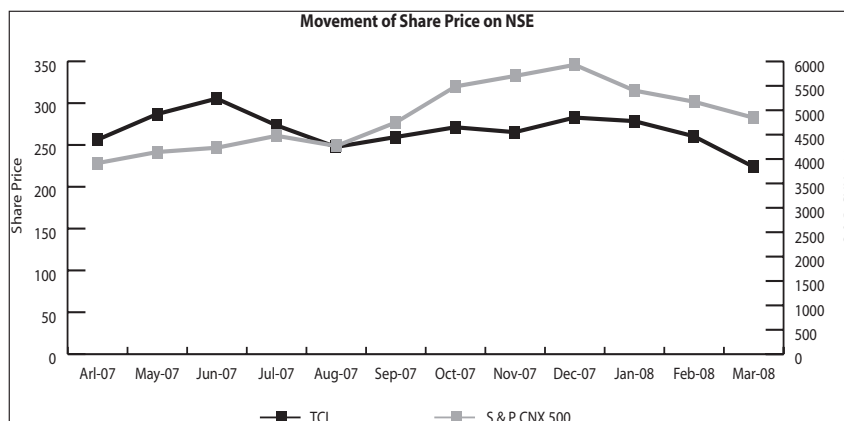
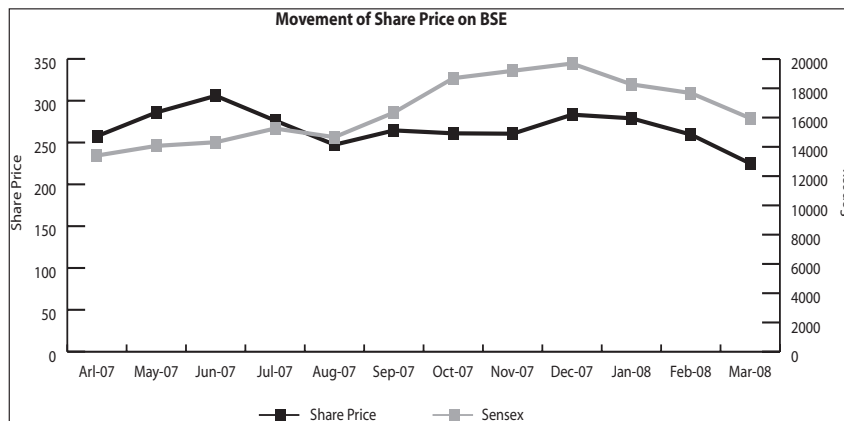
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VI. Market Price Data: High and Low during each month in the last financial year.

	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2007	287.00	228.10	4217.90	3617.00
May, 2007	325.00	247.00	4306.75	3981.15
June, 2007	331.00	280.75	4362.95	4100.80
July, 2007	298.50	254.00	4647.95	4304.00
August, 2007	265.00	229.75	4532.90	4002.20
September, 2007	284.00	245.00	5055.80	4445.55
October, 2007	281.00	241.00	5976.00	5000.95
November, 2007	290.00	231.10	6011.95	5394.35
December, 2007	314.90	251.75	6185.40	5710.60
January, 2008	347.80	210.10	6357.10	4448.50
February, 2008	291.00	228.00	5545.20	4803.60
March, 2008	269.80	179.90	5222.80	4468.55

VII. Share price performance compared with Broad based indices





VIII. Name of the Depository with whom the Company has entered into Agreement

National Securities Depository Ltd.
Central Depository Services (India) Ltd.

ISIN Code

INE 493A01019
INE 493A01019

IX. Registrar and Transfer Agent

Share Transfers, Dividend payments and all other investor related activities are attended to and processed at the Registered office of our Registrars and Transfer Agent (R&T). For lodgement of transfer deeds and any other documents or for any grievances/complaints, kindly contact any of the offices of TSR Darashaw Limited which are open from 10.00 a.m. to 3.30 p.m. between Monday to Friday (Except on bank holidays)

Regd. Office:

TSR Darashaw Ltd.
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road,
Mahalaxmi (Near Famous Studio)
MUMBAI - 400 011.
Tel: 022-66568484, Fax : 022-66568494
E-mail: csg-unit@tsrdarashaw.com
Web: www.tsrdarashaw.com

Branch Offices

(i) **Bangalore**

TSR Darashaw Ltd.
503, Barton Centre, 5th Floor,
84, Mahatma Gandhi Road
BANGALORE – 560 001.
Tel: 080- 25320321, Fax:080-25580019
e-mail: tsrdlbgang@tsrdarashaw.com

(ii) **New Delhi**

TSR Darashaw Ltd.
2/42 Sant Vihar Ansari Road,
Daryaganj,
NEW DELHI – 110 002
Tel: 011-23271805, Fax: 011-23271802
e-mail: tsrdldel@tsrdarashaw.com

(iii) **Kolkata**

TSR Darashaw Ltd.
Tata Centre, 1st Floor
43, J L Nehru Road
KOLKATA – 700 071
Tel: 033-22883087, Fax: 033-22883062
e-mail: tsrdlcal@tsrdarashaw.com

(iv) **Jamshedpur**

TSR Darashaw Ltd.
Bungalow No.1 'E' Road
Northern Town, Bistupur
JAMSHEDPUR – 831 001.
Tel: 0657-2426616, Fax: 0657-2426937
e-mail: tsrdljsr@tsrdarashaw.com

(v) **Ahmedabad (Agent)**

Shah Consultancy Services Limited
3, Sumathinath Complex
Pritam Nagar, Akhada Road
Ellis Bridge, Ahmedabad – 380 006.

Shareholders may also contact/write to:
The Secretarial Department
Tata Coffee Ltd.,
57, Railway Parallel Road, Kumara Park
West, Bangalore-560 020.
Email: investors@tatacoffee.com

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X. Share Transfer System Physical:

Shares in physical form should be lodged for transfer at the office of the Company's Registrar & Transfer Agent, TSR Darashaw Ltd., Mumbai or at their branch offices at the addresses given above. The transfers are processed, if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

Dematerialisation of Shares and liquidity

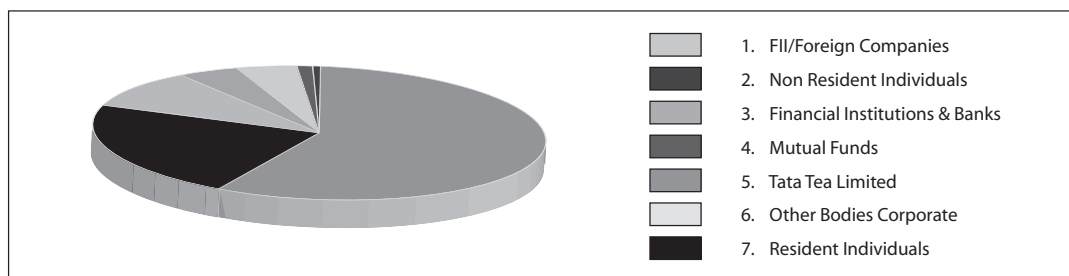
The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerialising the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL, to the R&T Agent. On receipt of the demat request both physically and electronically and after verification, the Shares are dematerialised and an electronic credit of shares is given in the account of the Shareholder.

XI. Distribution of Shareholding as on March 31, 2008

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No of Shares	% of Shareholdings
1- 500	23168	94.59	1377679	7.38
501- 1000	646	2.64	481357	2.58
1001-2000	379	1.55	533200	2.85
2001-3000	103	0.42	252624	1.35
3001-4000	65	0.26	227824	1.22
4001-5000	38	0.15	173089	0.93
5001 – 10000	48	0.20	307468	1.65
10001 & above	47	0.19	15323796	82.04
TOTAL	24494	100.00	18677037	100.00

XII. Categories of Shareholders as on March 31, 2008

Sr. No.	Category of Shareholders	Total Holdings	Percentage
1.	FII/Foreign Companies	1856481	9.94
2.	Non Resident Individuals	67647	0.36
3.	Financial Institutions & Banks	825976	4.42
4.	Mutual Funds	213092	1.14
5.	Tata Tea Limited	10735982	57.48
6.	Other Bodies Corporate	822679	4.41
7.	Resident Individuals	4155180	22.25



XIII. Shares in physical and demat form as on March 31, 2008

	No. of Shares	Percentage
In Physical Form	986326	5.28
In Electronic Form	17690711	94.72

XIV. No. of share holders whose shares as on March 31, 2008 are in physical and demat form.

In Physical Form	10700	43.68
In Electronic Form	13794	56.32

XV. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity.

Nil

XVI. Plant Locations

17 Coffee Estates in Kodagu, Hassan and Chikmagalur District, Karnataka. Kodagu, Chickmagalur and Hassan
1 Tea Estate in Hudikeri, Kodagu Dist. Karnataka and 1 Tea and Coffee Districts, Karnataka
(mixed) Estate in Basrikatte, Chikmagalur District.

5 Tea Estates in Tamil Nadu/Kerala viz., Malkiparai, Pachaimalai, Kerala
Pannimade, Uralikal & Velonie and 1 Coffee Estate in Tamil Nadu viz., Anamalais, Tamilnadu
Valparai

Curing Works, R&G factory and Pepper processing Unit Kushalnagar, Kudige, Kodagu
3 Instant Coffee Plants
1) Toopran, Brahmanpally Village, Andhra Pradesh (1)
2) Theni in the State of Tamil Nadu (2)

XVIII. Address for correspondence

As stated in 10 (ix) above

11. Particulars about new Directors proposed for appointment as well as the Directors who are retiring by rotation and eligible for re-appointment including their shareholding in the Company have been given in the Notice of the forthcoming Annual General Meeting.

12. Compliance of Clause 49 pertaining to mandatory requirements & Auditor's Certificate on Corporate Governance

The Company has complied with all the mandatory requirements on Corporate Governance as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. So far as non-mandatory requirements are concerned, the Company has constituted the Remuneration Committee of the Board of Directors and has adopted a Whistle Blower Policy.

As required under Clause 49 of the Listing Agreement, the Auditor's Certificate on compliance of the Corporate Governance norms is attached.

DECLARATION OF MANAGING DIRECTOR ON THE COMPANY'S CODE OF CONDUCT

In terms of Clause 49 of the Listing Agreement, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2008.

Bangalore
Dated 23rd May, 2008.

M.H. ASHRAFF
Managing Director