

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. 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, two Executive Directors and eight Non-Executive Directors. During 2006-07 the Board met eight times on 30th May, 2006; 13th July, 2006; 20th July, 2006; 29th July, 2006; 27th October, 2006; 25th January, 2007; 22nd February, 2007 and 27th March, 2007.

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

Name of Director Messrs	Category	Attendance at		No. of other Director- ships	Committee Positions		No of Shares held
		Board Meeting	Last AGM		Member	Chairman	
R.K.Krishna Kumar	C (NED)	6	No	12	2	1	-
Y.H.Malegam	NED & IND	7	Yes	11	3	4	700
D.M.Dasappa	NED & IND	8	Yes	-	-	-	26988
R.Govindarajan	NED & IND	8	Yes	-	-	-	1000
M.H.Ashraff	MD	8	Yes	1	-	-	-
P.T.Siganporia	NED	7	No	2	-	-	-
U.Mahesh Rao	NED & IND	8	Yes	2	3	1	-
A. Monappa	NED & IND	4	No	-	-	-	-
Hameed Huq	ED	8	Yes	-	-	-	199
A.Sengupta	ED	8	Yes	1	-	-	-
Sangeeta Talwar (x)	NED	4	-	1	1	-	-

(x) Appointed w.e.f 27.10.2006

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/she is a Director.

3. Audit Committee

The present 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 2006-2007, the Audit Committee met seven times on 8th April, 2006; 30th May, 2006; 20th July, 2006; 29th July, 2006; 26th October, 2006; 25th January, 2007 and 26th March, 2007. The Committee Meetings are attended by the Managing Director, Executive Director (Plantations), Executive Director (Instant Coffee Operations), 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

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

DirectorMessrs.	No. of Committee Meetings attended
Y.H.Malegam	7
R.Govindarajan	7
Prof. Arun Monappa	4

4. Remuneration Committee

The present 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 2006-07, the Remuneration Committee met on 30th May, 2006.

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.

The Company pays Sitting Fee @ 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 and by the Board. The Commission to the Non Executive Directors is

TATA COFFEE

Sixty-fourth annual report 2006-2007

TATA COFFEE LIMITED

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 2006-2007 aggregates to Rs. 25 Lakhs.

Details of Remuneration of Managing Director and Executive Directors for the year 2006-07:

(Rs. in Lakhs)

	Managing Director	Executive Director (Plantations)	Executive Director (ICO)
Salary	30.00	15.60	13.20
Benefits, Perquisites & Allowances	53.68	18.52	17.16
Commission	37.50	20.00	15.00

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 30th May, 2006; 20th July, 2006; 27th October, 2006 and 25th January, 2007. The Committee oversees the performance of the Registrar and Share Transfer Agent. The Company Secretary is the Compliance Officer. Given below is the position of complaints received and attended to for the year 2006-07.

Requests/Queries/Complaints received	1933
Requests/Queries/Complaints attended	1931
Pending requests/queries/complaints as on 31.03.2007	2

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 dematerialized form. During 2006-07, 200 requests for transfer and 782 requests for dematerialisation of Shares were received and processed. As on 31.03.2007, 2 share transfer cases covering 10 shares and 7 requests for dematerialisation covering 294 shares were pending. The requests were attended to in April, 2007.

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
2003-04	3rd September, 2004 at 10.00 AM	Registered Office: Pollibetta – 571 215, Kodagu	Approval u/s 314 of the Companies Act, 1956 for Ms. Farah Ashraff to continue to hold an office or place of profit in the Company.
2004-05	4th August, 2005 at 11.00 AM	-do-	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 Authorized Capital from Rs.20 Crores to Rs.25 Crores.

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	31 st July, 2007 at 11.00 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, 2007	In July 2007
		Audited Results for the second quarter ending September 30, 2007	In October, 2007
		Audited Results for the third quarter ending December 31, 2007	In January, 2008
		Annual Accounts 2007-2008	In May/June, 2008
		Annual General Meeting for the year ended 31st March, 2008	In July/August, 2008
III.	Dates of Book Closure	17 th July, 2007 to 31 st July, 2007 (both days inclusive)	
IV.	Dividend Payment Date	The Dividend warrants will be mailed on or after 31 st July, 2007.	
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 to each of the Stock Exchanges for the financial year.	

TATA COFFEE

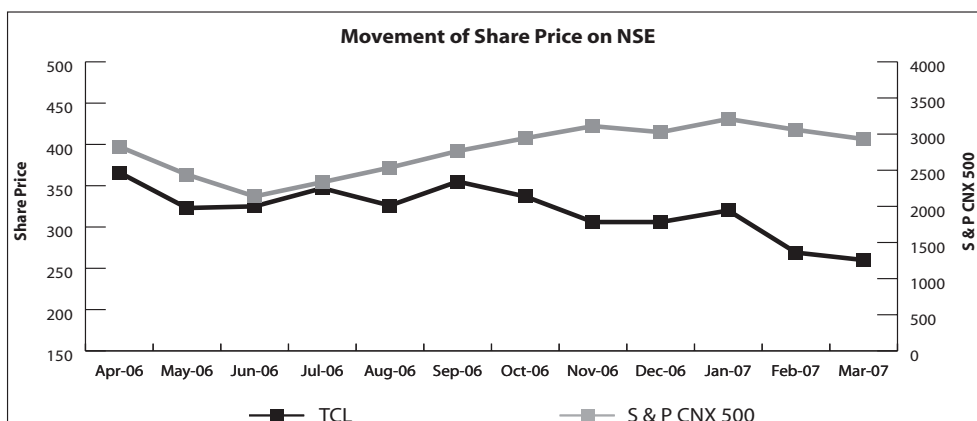
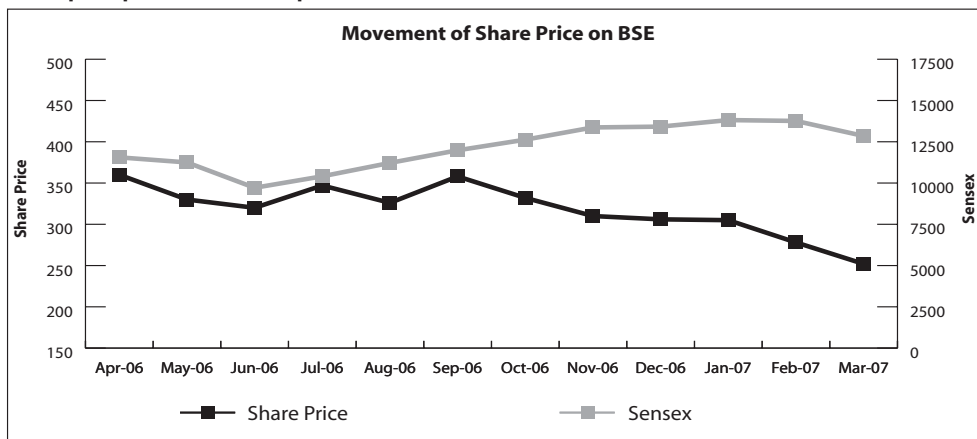
Sixty-fourth annual report 2006-2007

TATA COFFEE LIMITED

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, 2006	383.00	338.40	390.00	341.95
May, 2006	380.00	280.50	380.00	267.00
June, 2006	390.75	250.00	391.65	260.00
July, 2006	417.75	277.45	417.90	277.00
August, 2006	346.95	307.00	351.00	302.00
September, 2006	394.50	322.95	394.00	316.00
October, 2006	355.30	310.00	354.70	320.10
November, 2006	335.95	285.00	336.95	275.00
December, 2006	328.00	285.00	328.40	283.00
January, 2007	320.00	291.30	348.00	293.15
February, 2007	302.25	255.55	303.00	235.25
March, 2007	272.65	232.00	283.00	236.50

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
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: tsrlbang@tsrdarashaw.com
- (ii) **New Delhi**
TSR Darashaw Ltd.
2/42 Sant ViharAnsari Road, Daryaganj,
NEW DELHI – 110 002
Tel: 011- 23271805 Fax: 011-23271802
e-mail : tsrldei@tsrdarashaw.com
- (iii) **Kolkata**
TSR Darashaw Ltd.
Tata Centre, 1st Floor
43, Chowringhee Road
KOLKATA – 700 071
Tel: 033-22883087 Fax: 033-22883062
e-mail: tsrlcal@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: tsrljsr@tsrdarashaw.com
Share holders 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

X. Share Transfer System (Physical):

Shares in physical form should be lodged for transfer at the office of the Company's Registrar & Share Transfer Agent, TSR Darashaw Ltd., (formerly Tata Share Registry Ltd.,) Mumbai or at their branch offices at the addresses given above. The transfers are processed, if

TATA COFFEE

Sixty-fourth annual report 2006-2007

TATA COFFEE LIMITED

Dematerialisation of Shares and liquidity

technically found to be in order and complete in all respects. As per the directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialised form.

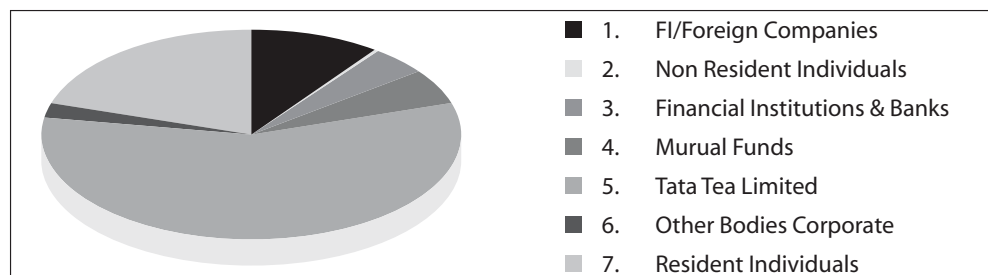
The process of conversion of shares from physical form to electronic form is known as dematerialisation. For dematerializing the shares, the Shareholder has to open a demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same alongwith 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, 2007

No. of Equity Shares held	No. of Shareholders	% to Shareholders	No of Shares	% of Shareholdings
1- 500	23031	94.39	1336073	7.15
501- 1000	670	2.75	491391	2.63
1001-2000	398	1.63	563662	3.02
2001-3000	105	0.43	258158	1.38
3001-4000	64	0.26	224338	1.20
4001-5000	37	0.15	169764	0.91
5001 – 10000	57	0.23	374524	2.01
10001 & above	39	0.16	15259127	81.70
TOTAL	24401	100.00	18677037	100.00

XII. Categories of Shareholders as on March 31, 2007

Sr. No.	Category of Shareholders	Total Holdings	Percentage
1.	FI/Foreign Companies	1867778	10.00
2.	Non Resident Individuals	57016	0.31
3.	Financial Institutions & Banks	817326	4.38
4.	Mutual Funds	1014960	5.43
5.	Tata Tea Limited	10735982	57.48
6.	Other Bodies Corporate	420127	2.25
7.	Resident Individuals	3763848	20.15





XIII. Shares in physical and demat form as on March 31, 2007

	No. of Shares	Percentage
In Physical Form	1066015	5.71
In Electronic Form	17611022	94.29

XIV. No. of share holders whose shares as on March 31, 2007 are in physical and demat form.

	No. of Shares	Percentage
In Physical Form	11153	45.71
In Electronic Form	13248	54.29

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. 1 Tea Estate in Hudikeri, Kodagu Dist. Karnataka and 1 Tea and Coffee (mixed) Estate in Basrikatte, Chikmagalur District.	Kodagu, Chickmagalur and Hassan Districts, Karnataka
5 Tea Estates in Tamil Nadu/Kerala viz., Malkiparai, Pachaimalai, Pannimade, Uralikal & Velonie and 1 Coffee Estate in Tamil Nadu viz., Valparai	Kerala, Anamalais, Tamilnadu
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)

XVII. 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 & Auditors 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 Bowler 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, 2007.

M.H.ASHRAFF
Managing Director

Bangalore
Dated 29th May, 2007.