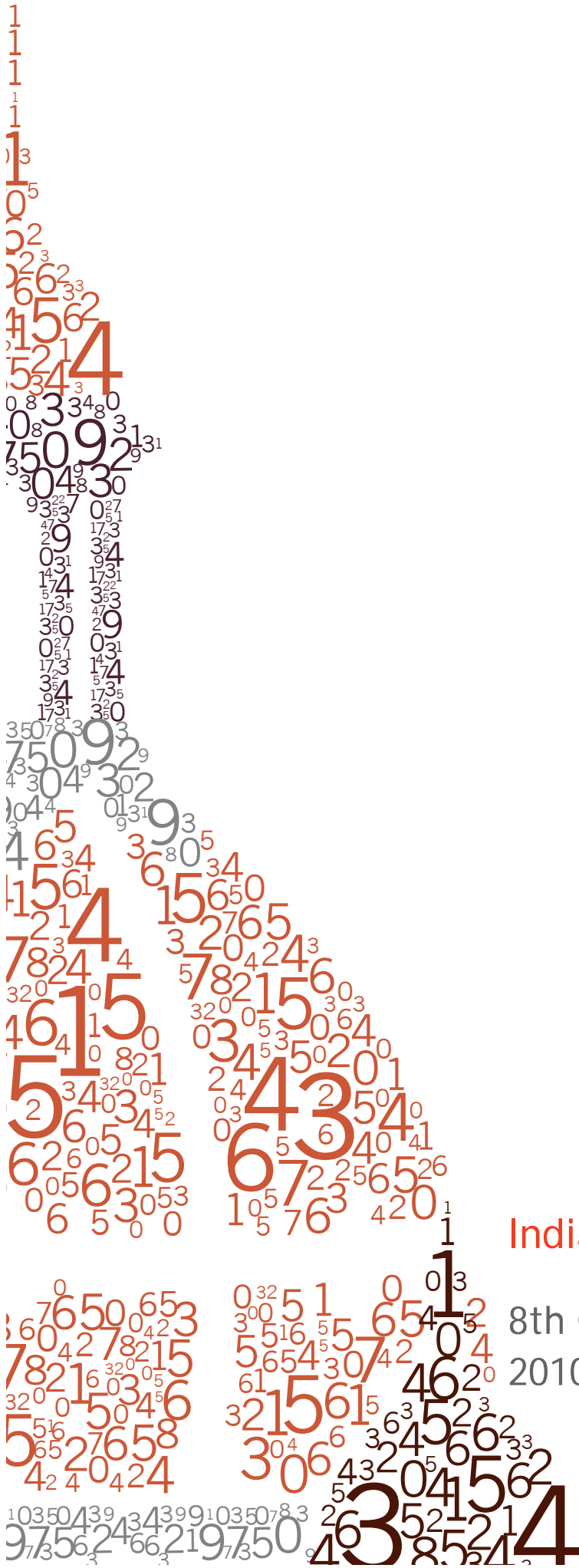


Beyond The Numbers



Indian Hotels Company Limited

















8th Corporate Sustainability Report
2010 - 2011



In 1995, IHCL took the Falaknuma Palace under its wings and spent the next fifteen years trying to restore its original glory, beauty and grandeur. That may seem like a long time but compromise is never an option at IHCL. True to the company ethos, every little detail is handled with utmost care and executed as per the aura of the place. Take, for instance, the inlaid furniture has been especially brought from Kashmir to create a princely ambience. For a Victorian style, artisans were asked to hand-paint the ceilings. To add a dash of grandeur, Belgian cut glass chandeliers were fitted with a timeless collection of precious gems and art pieces from around the world.

That's just one side of the story. Our hotels engage the local communities, helping them to become more self-sufficient. The help ranges from providing a platform to showcase and sell local handicrafts and art forms or setting up raw material supply networks with the help of housewives and unemployed women, to enabling school drop-outs and rural youth to develop real life skills needed for employment. Beyond The Numbers is a premise that has emerged out of many such examples that not only define us as an organization but shape our journey in responsible tourism by influencing every life that we touch.

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Milestones

1 and only
hospitality brand of 27
**Great Brands of
Tomorrow**
as per Credit Suisse
Research Institute Study

15%
women associates

29 hotels having
**zero water discharge
operations**

40 hotels have achieved
**Silver certification
under EarthCheck™**

45 active projects under key
**social responsibility
thematic areas**

₹ 92 million - savings
achieved through the
War on Waste

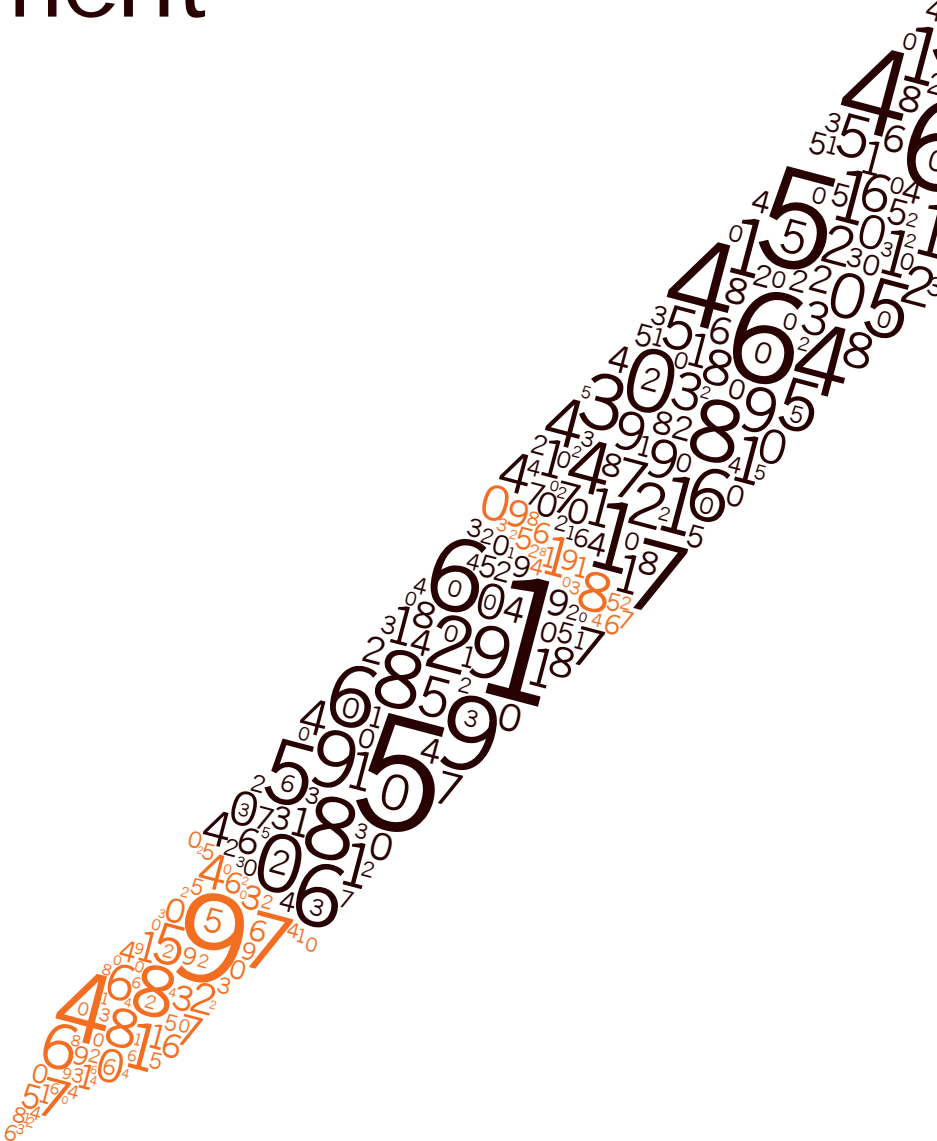
₹149 million -
total spend towards
social responsibility initia-
tives including
sensitive purchases

₹95 million -
total **environmental
investment in this
year**

3%
energy sourced from
renewable sources



MD's Statement



MD's Statement



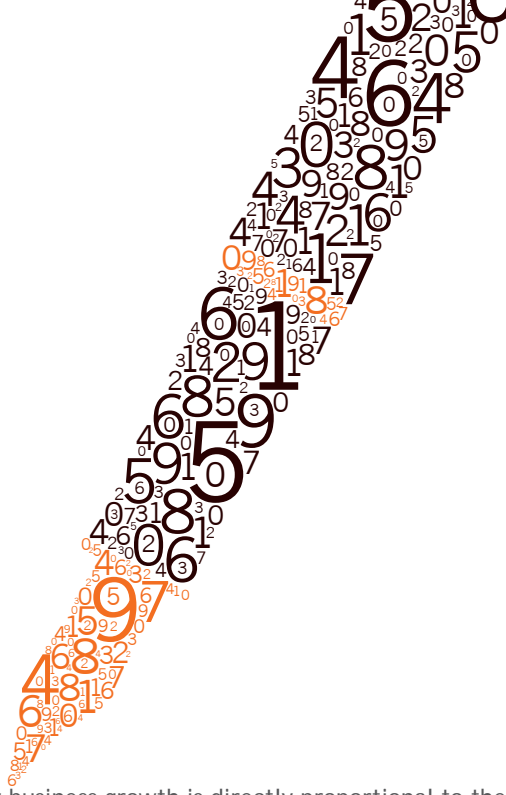
Dear Reader,

It gives me great pleasure in presenting Indian Hotel Company Limited's eighth corporate sustainability report for the year 2010-2011 that demonstrates our effort to conduct business in a responsible manner. This report is based on the GRI G3.1 Guidelines on Sustainability Reporting and also serves as a communication on progress on the 10 principles of United Nations Global Compact.

This year was marked by advancements that will boost our long-term sustainability and brand equity. Some of those include creation and implementation of safety policy and safety management manual, streamlining of the Safety Health and Environment committee at the hotel and enterprise levels and the inclusion of 72 Luxury, Vivanta by Taj and Gateway hotels under the EarthCheck certification. In addition, we enjoy continued success of the War on Waste program, the alignment of the GHG mitigation projects with Tata Climate Change policy and the inclusion of IHCL as one of the Great Brands of Tomorrow by Credit Suisse Research Institute. Finally, winning the Gallup Great Workplace Award for the second year in a row and the adoption of the Tata Corporate Sustainability Charter have been special.

Over the years, many of our key stakeholders like investors, clients, associates, communities and NGOs have demonstrated a keen interest in our non-financial performance and our commitment towards continual improvement. The valuable feedback provided by these stakeholders has helped us to prioritize our focus areas. Safety and security, customer satisfaction, revenue optimization, attracting and retaining talent, environmental excellence, and building sustainable livelihoods continue to remain our key focus areas and the basis of this report.

We are committed to ensuring safety and security of our people and assets. Across operations, stringent security measures have been deployed and are upgraded on a regular basis incorporating feedback from guests, associates, government and intelligence agencies. I deeply regret to report five fatalities across all operations, during the year. Such incidents including injuries are highly unacceptable to us and we have taken stringent measures to enhance the safety systems across our properties. The upgraded safety system was deployed on a pilot basis at Taj West End, Vivanta by Taj-MG Road and Gateway hotels in Bangalore and will be deployed across all hotels in the coming months.

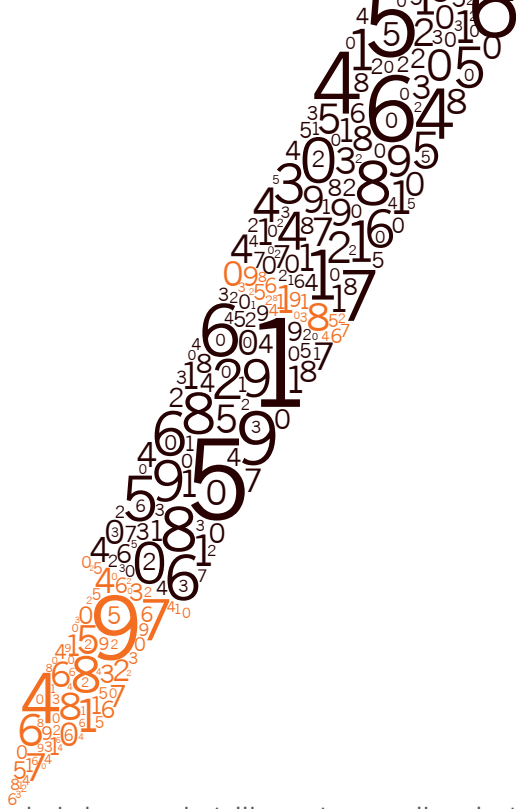


Our business growth is directly proportional to the happiness quotient of our customers. We take utmost care in ensuring their satisfaction across our brands. Each brand has well-defined service standards that are based on finesse, sophistication and consistency. This year we created Vivanta by Taj, a new brand architecture and service style designed for the 'work-hard-play-hard' global traveller. As of now, there are 20 hotels under this brand with plans to include seven more in the next financial year. Effectively, now we operate our portfolio of hotels under four clear and well-defined brands - Taj Luxury Hotels, Vivanta by Taj, Gateway and Ginger, each addressing opportunities at varying price points and providing to our guests custom-made products, services and experiences.

In this year, our consolidated turnover aggregated to ₹2.915 billion as against ₹2.563 billion in the previous year. In the same period, the Loss after Tax considerably reduced to ₹872.60 million as compared to ₹1,368.80 million in the previous year. Our consolidated turnover increased by 14% with improved domestic tourism and corporate travel that favourably impacted average room rates. The restored Taj Mahal Palace, Mumbai, the full year impact of new inventory at Taj Lands End and the recently opened Taj Falaknuma Palace, Hyderabad contributed to improved results. The average annual growth rate in tourism in India over the past five years has been nine percent. To address this high growth, we would be adding 27 new properties, with nearly 3,700 rooms in the next 24 months. Of these, 18 would be shared between the Vivanta by Taj and Gateway brands, while Ginger would add seven properties.

Highly engaged employees are the major contributors to our success. Right from when a booking is made to the time the guest checks out and even beyond, key guest interactions that we refer to as moments of truth are with hotel associates. While various hotel chains offer high quality products, the differentiators are often determined by service excellence, warmth and the art of hospitality that are extended to guests by the associates. We emphasize associate engagement, development and empowerment as central to creating enhanced customer value and hence a competitive success factor. Our human resource strategies and objectives are built around attracting, retaining and developing talent and are embedded in the company's business plans.

At IHCL, environment management has always been looked upon as a strategic differentiator. EARTH - Environment Awareness and Renewal at Taj Hotels program is the cornerstone from where the company-wide movement of environment management initiates. It is a co-ordinated effort from IHCL to protect, conserve and restore the natural environment. It evolves from understanding each location's impact on the environment to adopting appropriate steps for protecting and conserving it. Across hotels, we have started several good practices and projects aimed at tapping



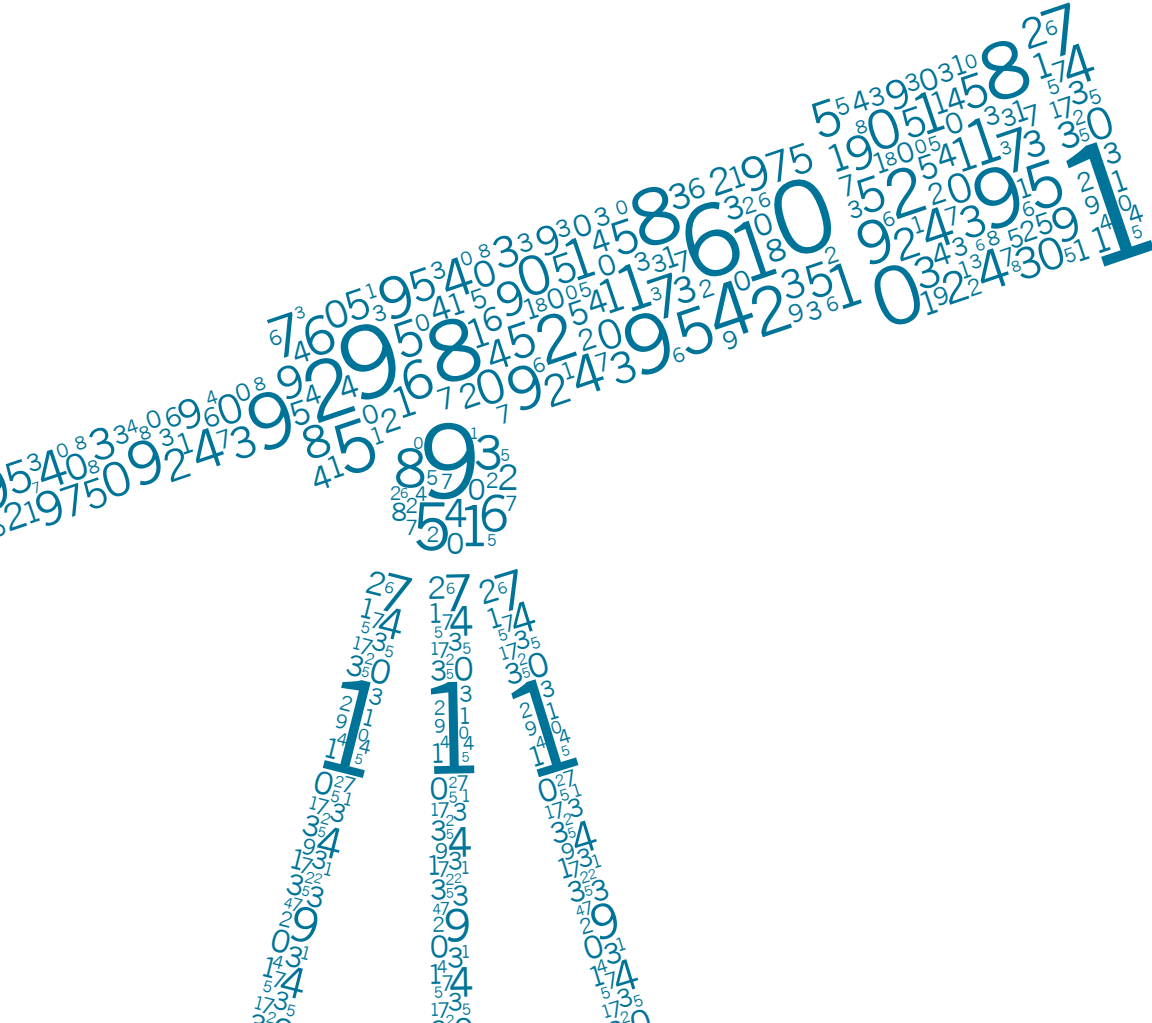
solar and wind energy, installing water recycling plants, generating biogas from organic waste and conserving energy. These initiatives help us in bringing down consumption of natural resources and thereby reducing the impact of our operations on the environment. Many of our hotels have attained zero wastewater discharge and have sustained partnerships for responsible recycling of waste. We also ensure development of green infrastructure and processes for new builds as well as existing hotels across locations.

We continue with 'Building Sustainable Livelihoods' as our social responsibility agenda and have aligned and integrated our efforts to forge private-public partnerships to address contemporary societal needs and challenges. Leveraging on our core strengths in hospitality, we successfully continue to work with State Systems for creating a practical and scalable model for addressing malnutrition in children. Our efforts towards providing our brand platform to indigenous artisans and helping local cultural troupes have been enhanced and consolidated further. All our community projects are focused around our key strengths in food production, kitchen management, housekeeping and spas. We reach out to our target communities through our 4'E's - Employment; Employability; Education and Entrepreneurship.

I would like to thank all our stakeholders, including our associates, for their interest and passion to grow and run our business in a sustainable manner. I appreciate and acknowledge the tremendous effort, dedication and commitment they have shown at various instances to the benefit of IHCL. I am proud of the way we are embracing a sustainability mindset and am convinced this will serve us well, going forward. Your constructive feedback will also play an important role in helping us reshape and redefine our sustainability priorities. I urge you to reach out to me with your queries and suggestions for IHCL to reach the next level of business sustainability.

Raymond Bickson
Managing Director
Indian Hotels Company Limited.

Vision and Values





Vision

Embrace talent and harness expertise to leverage the standards of excellence in the art of hospitality to grow our international presence, increase domestic dominance, and create value for all stakeholders.

Values

People diversity, integrity and respect

- Structure to ensure deployment of the Tata Code of Conduct
- Tata positive assurance model audits that are reviewed by the board
- Two-way communication through town halls, walk through, customer, partner, investor and supplier meets
- Creation of the Tata leadership system and identifying leadership behaviour

Passion for excellence

- Driving business excellence throughout operations
- Benchmarking performance
- Process orientation through enterprise process model
- Creation of critical systems leaders
- Creation of process enhancement teams
- Introduction of Taj awards for business excellence

Exceed expectations

- Recognizing participation in cross functional teams
- Process improvement teams
- Special thanks and recognition system
- Taj awards for business excellence
- Guest watch
- Performance management systems

Innovation

- Participation in product / service design and development - Vivanta by Taj, Gateway hotels

Sense of urgency and accountability

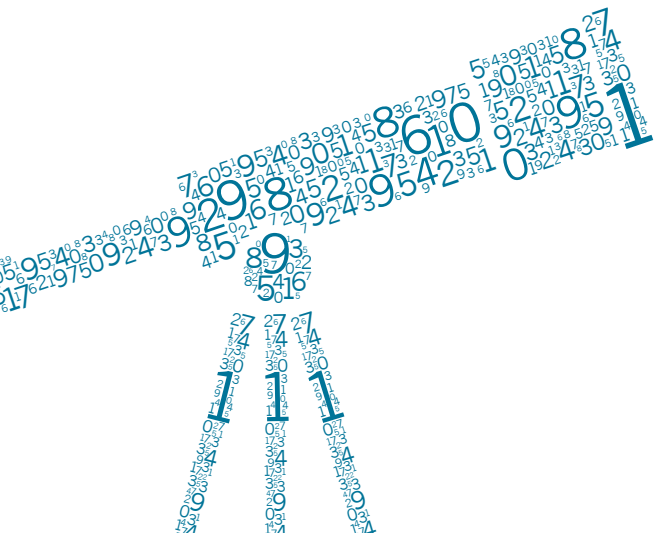
- Delegation of authority as per roles
- Implementation of performance management systems
- Participating in reviews
- Leading crisis management task forces

Social responsibility

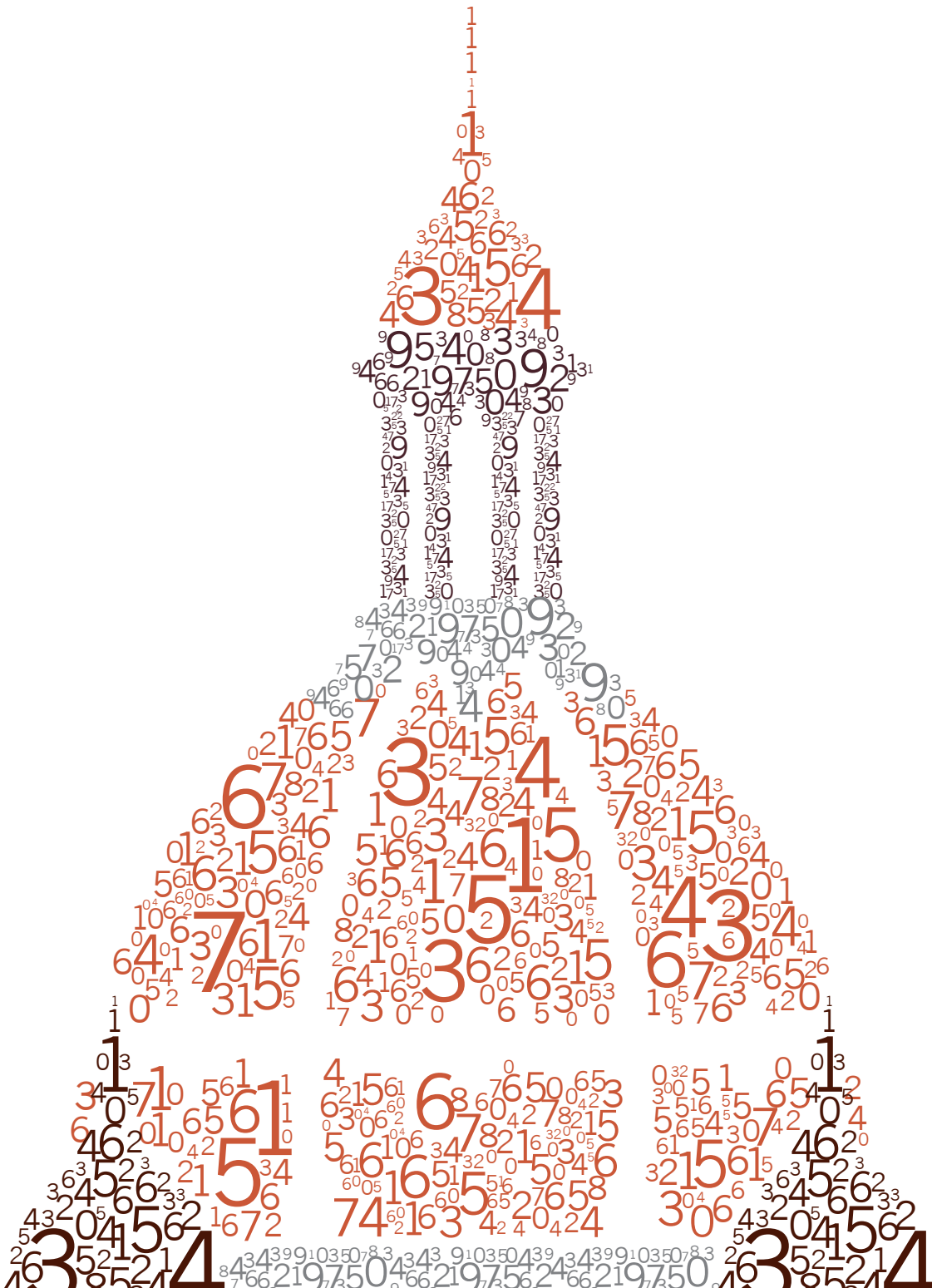
- Driving the EARTH - Environment Awareness and Renewal at Taj Hotels program
- Driving the social responsibility initiatives
- Partnering with the government to address industry concerns

Joy at work

- Introduction of the "Year of the Associate", participation in ESS action plans



Company Profile



Company Profile

Indian hospitality is legendary. The maxim of hospitality in India has been passed on from generation to generation. The Sanskrit saying, "Atithi Devo Bhava", which means "Guest is God", is culturally ingrained in our ethos. Each guest is treated with the utmost consideration and each Indian extends more than his hand to a visitor. And for over a century the Taj brand has been synonymous with graceful hospitality in the country and overseas.

Taj Hotels Resorts and Palaces - comprising the Indian Hotels Company Limited (IHCL) and its subsidiaries - is recognised as one of world's largest and finest hospitality companies. We have the largest hotel chain in South Asia, with a portfolio of 107 hotels and 12,795 rooms across 12 countries on 5 continents. In India, our hotel chain spans the length and breadth of the country, gracing important industrial towns and cities, beaches, hill stations, historical and pilgrim centres and wildlife destinations.

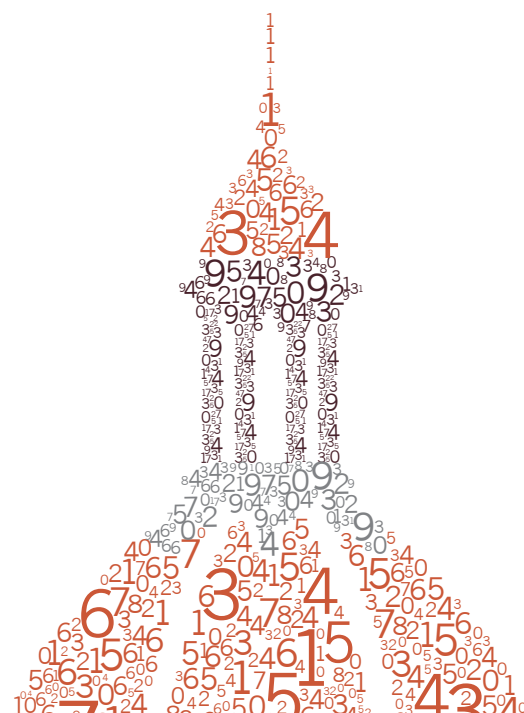
Each hotel offers luxurious standards of service, the apogee of Indian hospitality, vantage locations, and every modern amenity and business facility.

The "TAJ" brand has been consciously built over the years, and has the highest brand recall in the hospitality industry. Top quality infrastructure that establishes the high brand standards, combined with best-in-class services for our guests, is what we call the 'Taj Experience'. It is an epitome of hospitality in India and abroad with a formidable lineage and a distinctive reputation. Each brand is built on a base of Taj constants of hygiene, honesty, integrity and customer-centricity. Based on the strategic offerings, our hotel portfolio has been segmented into the following brands: Luxury, Luxury - International, Vivanta by Taj, Gateway and Ginger. In addition to these, TajSATS, Jiva Spa and Khazana are also a part of our company.

Countries of operation (number)	12
Number of hotels (number)	107
Number of rooms (number)	12,795
Room nights sold (number)	2,935,163
Associates (number)	25,272
Energy (MJ per room night)	890
GHG emissions (kg CO ₂ e per room night)	130
Water (KL per room night)	2.23

Luxury - India & international

Luxury is our flagship brand designed for the world's sophisticated travellers seeking authentic experiences - given that luxury is a way of life to which they are accustomed. Currently, the Luxury hotels span world-renowned landmarks, modern business hotels, idyllic beach resorts, authentic palaces and rustic safari lodges. Each hotel reinterprets the tradition of hospitality in a refreshingly modern way to create unique experiences and lifelong memories.



The luxury hotels encompass a unique set of iconic properties rooted in history and tradition that deliver truly unforgettable experiences. Each of these hotels is defined by the unique emotional equity of its iconic properties that are authentic and non-replicable, and have great potential to create memories and stories. The hotels are clearly differentiated by the privacy and intimacy they provide, their product philosophy and service design. They are centred around high-end accommodation, environments that allow guests unrivalled comfort, varied and eclectic culinary experiences, impeccable service and authentic Indian Spa sanctuaries. Taj Safari lodges also form an extension of the high-end luxury concept and experience.

With a commitment to replicate our domestic success on international shores, we



plan to build an international network of luxury hotels, which will provide an exemplary product-service combination and, in the process, create a global brand. The current international portfolio includes luxury resorts in the Indian Ocean, business and resort destinations in the Middle East and Africa, serviced apartments in the UK, our first hotel in Australia and three top-end luxury hotels in the US.

Countries of operation (number)	5
Number of hotels (number)	26
Number of rooms (number)	4,683
Room nights sold (number)	1,013,243
Associates (number)	10,293
Energy (MJ per room night)	1,275
GHG emissions (kg CO ₂ e per room night)	202
Water (KL per room night)	6.66

Vivanta by Taj

The expectations, needs and profiles of the contemporary international traveller are different. They are bored of generic experiences and are looking for something creative and inspiring, something that is apart from the pack. The Vivanta hotels range meets the needs of this new generation of cosmopolitan and demanding guests by designing and delivering Vivanta hotel experiences that are efficient yet imaginative, luxurious yet informal, relaxing yet energising; matching their work-hard play-hard lifestyles.

Whether it is the innovative food in the restaurants, the energetic vibe at the hip



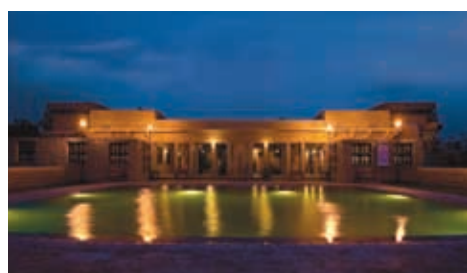
bars, the contemporary styling of the interiors, the smart use of technology or the charming Indian hospitality of the staff, these hotels strive to surprise and delight guests in pleasantly unexpected, but meaningful ways, every time.

Countries of operation (number)	6
Number of hotels (number)	32
Number of rooms (number)	3,837
Room nights sold (number)	1,016,016
Associates (number)	8,077
Energy (MJ per room night)	826
GHG emissions (kg CO ₂ e per room night)	107
Water (KL per room night)	2.28

Gateway

Gateway hotels have been designed for the modern nomad. At the Gateway Hotel, we believe in keeping things simple. This is why these hotels are divided into 7 simple zones - Stay, Hangout, Meet, Work, Workout, Unwind and Explore. They are designed keeping in mind the busy schedule of guests and the fact that every day has just 24 hours. Be it around-the-clock services or menus that help guests take advantage of what each day has to offer, our focus is always on creating sanctuaries that refresh, refuel and renew the modern day traveller.

Offering the highest consistency in quality, service and style these hotels set new standards and take the unwanted



surprises out of travelling, welcoming guests to a refreshingly enjoyable and hassle-free experience, anytime, everywhere. The motive is to make our guests feel at home, away from home and empower them to get more done with greater effectiveness and control.

Countries of operation (number)	2
Number of hotels (number)	25
Number of rooms (number)	1,738
Room nights sold (number)	396,440
Associates (number)	2,880
Energy (MJ per room night)	644
GHG emissions (kg CO ₂ e per room night)	93
Water (KL per room night)	1.67

Ginger

Ginger is IHCL's revolutionary concept in hospitality for the value segment. Intelligently designed facilities, consistency and affordability are hallmarks of this brand, targeted at travellers who value simplicity and self-service. Roots Corporation Limited (RCL), a wholly-owned subsidiary of The Indian Hotels Company Limited (IHCL) operates these first-of-its-kind Smart Basics™ hotels across India. These hotels have created a new category in the domestic hospitality landscape, while giving a major fillip to Indian tourism and other ancillary industries.

At Ginger, our values put special emphasis on environmental and ecological



issues. We constantly work towards building a better and more sustainable way of living by providing facilities to our customers without compromising on the environment. The steps taken by us will help create a safer environment for the future.

Countries of operation (number)	1
Number of hotels (number)	24
Number of rooms (number)	2,350
Room nights sold (number)	509,464
Associates (number)	270
Energy (MJ per room night)	113
GHG emissions (kg CO ₂ e per room night)	18
Water (KL per room night)	0.27

Jiva Spa

Jiva Spa is a unique concept, which draws from the wisdom and heritage of Asian and Indian philosophies of healing, wellness and beauty to “reawaken your life force”. It promises a whole new spa experience, taking inspiration from age-old holistic living concepts.

There is a rich basket of fresh and unique experiences under the Jiva Spa umbrella of offerings - Yoga and Meditation, mastered and disseminated by accomplished practitioners, authentic Ayurveda therapies, and unique Taj signature treatments. Recreated royal traditions of wellness, holistic therapies, enlivening and meaningful rituals and ceremonies and unique natural products blended by hand come together to offer a truly calming experience.



Jiva Spa is an eco-sensitive brand that deploys natural spa products containing Indian herbs, pure essential oils, lipids, clays, mud, salts and flower waters. In addition to these, Jiva Spas also uses organic fabrics, bamboo products and eco-friendly toxin-free pottery.

Countries of operation (number)	4
Number of spas	22
Number of treatments	89,780
Associates (number)	290

Khazana

Taj Khazana is a chain of luxury lifestyle stores that are located across India, in many cities including Mumbai, Delhi, Kolkata, Bangalore, Hyderabad, and Goa, in various Taj hotels.

An Indian boutique with a global appeal, Taj Khazana is an ovation to the boundless creative talent of the Indian artisans and craftsmen. Taj Khazana showcases and stocks artifacts and collectibles created by master craftsmen of India and also has a selection of garments, stoles, shawls and accessories from handpicked Indian designers. The collection includes revival of the works of artisans, be it textiles or art forms in paper, metal, wood, marble or iron.

From miniature paintings to silver artifacts, from weaves and pashminas to contemporary paintings and designer



garments, from objet d'art to handbags and leather accessories and much more, if it's rare and uniquely Indian, you will find it at Taj Khazana.

Countries of operation (number)	1
Number of boutiques	6
Associates (number)	80
Number of artisans benefitted	30
Benefits provided to artisans (₹ million)	12

TajSATS

TajSATS Air Catering Ltd. is a joint venture of the Indian Hotels Company and Singapore Airport Terminal Services (SATS). TajSATS is one of the prime airline catering companies across the globe and provides in-flight catering, manages airport lounges, undertakes airline services such as aircraft cleaning, laundry, airline bonds, catering ramp handling, institutional catering, outdoor catering and corporate gifting. TajSATS has operational units at Amritsar, Bangalore, Chennai, Delhi, Goa, Kolkata, and Mumbai. In addition, the unit at Chennai manages a restaurant through a joint venture with Malaysian Airlines, along with an airport lounge. TajSATS also manages the Lufthansa lounge (Star Alliance) and Emirates lounge at Mumbai International Airport.

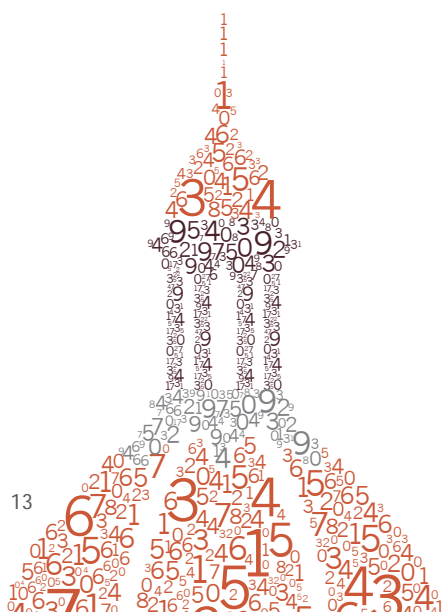
All units of TajSATS are equipped with state-of-the-art facilities, refrigerated hi-loaders and in-house microbiological laboratories for efficient and hygienic food production and handling. These units strictly adhere to HACCP and ISO 22000 standards for ensuring food safety from the time food is received, prepared and produced, until the time it is loaded onto the aircraft. Regular audits of all our facilities and suppliers' facilities are



undertaken by an internal team as well as external agencies to ensure that products and services add significant value to customer needs.

At TajSATS, our offering is a commitment to be 'One with the Customer'. The focus is on creating affinity with customers every single day by delighting the customer in every interaction. We have kept pace with the developments that have taken place in the Indian aviation industry and TajSATS is geared to face whatever the future brings. While catering to the ever increasing needs of our demanding business, TajSATS has expanded from an Indian catering service to an international one.

Countries of operation (number)	1
Number of units (number)	8
Number of flight companies served (number)	41
Meals sold (number)	20,153,840
Associates (number)	2,978
Energy (MJ per meal)	8.34
GHG emissions (kg CO ₂ e per meal)	1.05
Water (litres per meal)	23.23



Ethics and Governance



Ethics and Governance

The philosophy that brings positive change to the company and every life it touches.

It's said, there are some people who can see the future. True, they are called visionaries. Our founder, J N Tata, was one such visionary who looked into tomorrow and identified challenges and possibilities lying ahead. It helped him to build an empire that didn't think in mere margins but gave birth to a system that benefitted the entire society. A system that is beyond booking profits.

Today, after several years, the same ethos forms our core set of values. These values are present in every facet of the company's operations. Take, for instance, corporate governance. Corporate governance is a multifaceted system that directs the business conduct. It includes the rights and duties of stakeholders, Board of Directors and management alike. IHCL's understanding of corporate governance delves beyond financial performance, to encompass guest and associate satisfaction, commitment to quality and brand standards, accountability, transparency and business ethics. Our corporate governance is rooted in our legacy of maintaining a top-quality guest-oriented management system that fulfils our responsibilities and creates relationships of trust with our stakeholders. These are built upon strong foundations of transparency, disclosure, fairness, monitoring and review with a focus on dialogue between management and employees and the society at large.

To make our approach more effective, we involve our stakeholders in strategic decision making and setting of guidelines that clearly indicate management responsibility. We also proactively share information on our progress toward these on a regular basis.

We comply with the provisions of Clause 49 of the listing agreement of the stock exchange. Our Board of Directors comprises Executive, Non-Executive as well as Independent Directors.

Non-Executive Directors comprise more than 70% of the Board of Directors, with the Chairman being a Non-Executive Director.

The Directors possess experience in fields as varied as banking, finance and hoteliering to social service and architecture. The skill and knowledge of the Directors have proved to be of immense value. Independent Directors comprise more than half of the Board. We have four committees that overlook the entire functioning of the company. These committees are: Audit committee, Share Transfer & Shareholders' /Investor Grievance committee, Remuneration committee and Safety, Health and Environment (SHE) committee.



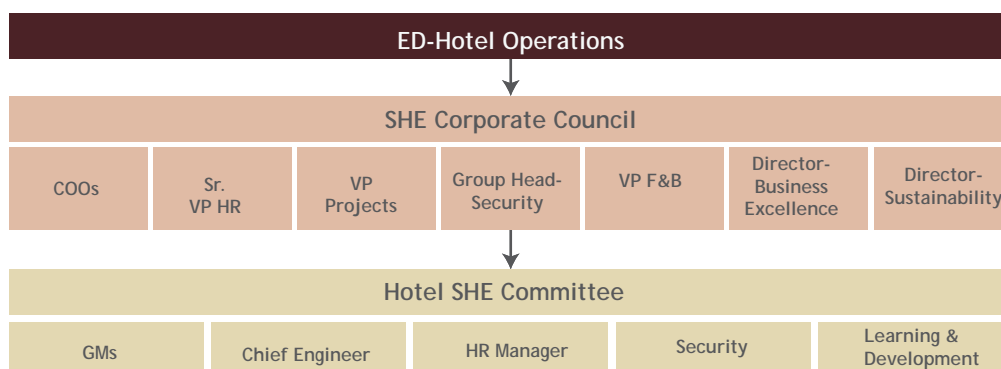
Name of the Director	Status
Mr. R. N. Tata (Chairman)	Promoter; Non-Executive
Mr. R.K. Krishnakumar (Vice Chairman)	Promoter; Non-Executive
Mr. K. B. Dadiseth	Independent; Non-Executive
Mr. Deepak Parekh	Independent; Non-Executive
Mr. Jagdish Capoor	Independent; Non-Executive
Mr. Shapoor Mistry	Independent; Non-Executive
Mr. Nadir Godrej	Independent; Non-Executive
Ms. Anu Aga	Independent; Non-Executive
Mr. Raymond N. Bickson	Executive
Mr. Anil P. Goel	Executive
Mr. Abhijit Mukerji	Executive

IHCL's SHE committee

Last year we created a SHE committee headed by Executive Director - Hotel Operations. The principal focus of this committee is to ensure consistent deployment of Safety, Environment and Health standards across all hotels. This committee meets on a quarterly basis and as per requirements, if any. Some of the keys decisions taken by this committee during the year are:

- Implementation of a safety management system across all hotels.
- Ensuring certification of all hotels under ISO 22001 - Food safety management system.
- Increasing the number of Silver certified EarthCheck™ hotels to 60 by 2014.
- Engaging a safety consultant for improving safety standards across properties.
- Invest in energy efficient equipment across hotels.

Structure of IHCL's SHE committee





Demonstrating ethical behaviour at IHCL

Ethical behaviour at IHCL is built on the strong foundations of the Tata Code of Conduct (TCoC). At the enterprise level, our senior leadership team establishes and drives beliefs, encourages leaders to role model values and beliefs and create an environment to enable associates to act on beliefs. Hotels have designated ethics officers, accountable to the Chief Ethics Counsellor at the corporate office. Ongoing training and mandated acceptance of TCoC cover all associates. Implementation of Whistle Blower Policy, Prevention of Fraud and Misappropriation of Funds Policy and Sexual Harassment Redressal Policy reinforce rules and regulations at hotels that provide ethical and expected behaviour guidelines/norms for associates. We also stress on demonstrating ethical behaviour in all our stakeholder interactions. The Management of Business Ethics survey and the employee satisfaction survey measure awareness on TCoC and the effectiveness of ethical processes within IHCL. The results of these surveys are analysed and discussed by the senior management for inclusion in action plans. During finalization of new partnerships or seeking of additional investment, we share our commitment to ethical behaviour and ensure compliance to the TCoC. All suppliers and vendors have to declare their compliance with the TCoC and also adhere to regulatory and statutory requirements. Vendor-raised concerns are thoroughly investigated and



appropriate actions are taken on the defaulters. We also ensure that guest interactions are governed under the TCoC by implementing guidelines for associate behaviour through operating procedures, rules and regulations. Across hotels, even our guests have to sign the acceptance of the house rules that essentially include adherence to statutory and regulatory norms.

The reinforcement of ethics includes counselling, warnings or termination of employment. The participation of senior leadership in these control measures ensures review and refinement of the systems and fosters legal and ethical behaviour. The annual audits also check processes in an integrated manner, through documentation, interviews and process observations. Feedback is directly reported to the senior leadership team to highlight areas of concern for action and areas of strength for consolidation.

Compliance status is monitored through regular internal audits by certified auditors and through external surveillance audits. IHCL complies with all regulatory and legal requirements and has once again achieved its goal to have no violations - serious, substantial or general. This year no penalty or fine was imposed for any breach of any directive. We have created the following systems and procedures to address adverse impacts of various phases of doing business and public concerns with current and future products and operations.





Governance requirements, focus areas, stakeholders impacted and processes deployed
Legend: G - Guests; S - Suppliers; C - Community; T - Tata Group; A - Associates; SH - Shareholder; P - Partners

Compliance to	Some of the key laws	Focus area and Key stakeholder impacted	Key processes deployed
<ul style="list-style-type: none"> • International Laws & Regulations • National Laws & Regulations • Local Laws & Regulations (e.g. State, County, etc) • Local Ordinances (incl Municipal regulations) • Tata Group guidelines for companies (e.g. Management of Business Ethics (MBE), BE-BP etc) 	India: Company's Act 1956; EPF Act 1952/1976, Factories Act 1948 / 1963, Contract Labour Act 1970, Labour requirements; Weights and Measures rules; SEBI; Environment Protection Act; Forest Conservation Act '80; PFA 1954; Shops and Establishments Act 1948; Forex regulations; Income Tax Act	Management Accountability (T, SH, P)	Quarterly BOD reviews; Management action audited through audit committee; Adherence to ethical, statutory & GAAP requirements; Share transfer and shareholders' / investor grievance committee; Remuneration committee
	US: Sarbanes-Oxley; TIPS; HIPPA; COBRA; NLRA; New York State Workers Compensation Insurance; Unemployment Insurance; Hospitality Wage Order OSHA	Fiscal Accountability (T, SH, P)	Independent audit committee chaired by independent BOD member to review quarterly results before submission and disclosure; Implementation and review of recommendations with respect to working capital, CapEx, Business profitability, Funding and Investments.
	UK: Immigration Legislation; Hotel Proprietors Act; Terrorism Act (Guest registration cards); The Fire Regulatory Reform; Health & Safety at work etc Act 1974; Data Protection Act; Licensing Laws	Transparency in Operations, & Selection & Disclosure Policies (T, SH, P)	Timely disclosures to the stock exchange; Annual Report; Disclosures on website; Newspaper advertisements; Implementation of statutory requirements for governing the BOD; Reviews to ensure compliances; Action plans to address any irregularities.
	Republic of Maldives: Tourism Act 1999; Companies Act of Maldives 1996	Audit Independence • Internal & • External Audits (T, SH, P, S, G, A)	Independent audit committee recommendation on appointment of external auditors and ensuring all actions as per GAAP; Audit findings shared with the BOD and recommendations implemented
		Protection of Stakeholders and Shareholder (T, SH, P, S, G, C, A)	Audit committee, Share transfer and shareholders' investor grievance committee and Remuneration committee; Disclosures in quarterly results and annual report; Engagement with stakeholders; BOD quarterly reviews of key associate and customer metrics, strategic direction, growth plans and financial investments.
		Sustainability and risk management (T, SH, P, S, C, A)	Adoption of Risk management policy; Policy for Foreign Exchange Derivative Trading etc; Legal and financial due diligence; Strategic sustainability factors; BOD guidelines on strategic planning process; Identified risks and mitigation plan reviewed by Audit committee/BOD.

It's a perfect marriage of the core values and business requirements that has led to the growth and success of the company. And it extends to every individual who has contributed towards it. After all, we don't believe that success is measured in mere numbers.



The Risk Radar



The Risk Radar

Spotting challenges, well in advance.

One of the most critical tools in any security system is the Radar. It's a wonderful early warning mechanism that informs us about any impending threats well in time, so we can take appropriate actions to avert any crisis. It's an answer to a basic and universal fact that we need a warning system to safeguard any entity,

be it a submarine or an organisation. The form differs from entity to entity as per need. While defence organisations use a graphic display, organisations have an entire risk management system complete with research mechanisms, ideas and plans of action to counter any crisis, arising in the markets.

Risk management

Effective risk management is one of the bare essentials for conducting and sustaining business operations. As such the hospitality industry is subject to several risks across economic, environmental and social domains. We have a vigorous and active process for risk identification and mitigation. Our Audit committee reviews the policy implementation and risk management and mitigation plan on a regular basis. The Board of Directors refer to these reviews for critical decision-making processes.

The hotel business is very sensitive to economic fluctuations and is unfavourably affected by changes in global and domestic economies, changes in local market conditions and reduced international or local demand for hotel rooms and associated services. Further competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors also impact our business. Since travel is a function of global economic growth, hospitality sector is one of the prime sectors affected by negative economic growth. Following are some of the key risks identified and our action plan to mitigate those risks:

- **Competition from international hotel chains**

The Indian subcontinent, South East Asia and Asia Pacific with high growth rates have become the focus area of major international hotel chains. Many of these companies have announced their plans to establish hotels in India with an intention to benefit from the demand supply imbalance. These entrants will eventually intensify the competitive environment.

IHCL's success as always will be directly dependent upon our ability to compete with the new entrants on room rates, quality of accommodation, brand recognition, service levels, convenience of location, provision of other amenities and quality of food and beverage facilities. Our constant endeavour to improve brand and service standards combined with renovation of hotels and repositioning of brands will help to counter growing competition.

- **Dependence on the high-end luxury segment**

Luxury hotels contribute a significant proportion of IHCL's total revenue and earnings. This segment is highly





vulnerable to international developments and travel behaviour and is also susceptible to high operating leverage. Adverse developments affecting these hotels or even the cities in which they operate tend to have an adverse effect on our bottom-line.

We envisage a high growth potential in the mid-market and budget segment. The Gateway and the Ginger brands together will help us reduce our dependence on the high-end luxury segment, thereby ensuring a stable future.

- **Foreign exchange fluctuation**

As we own a fairly large portfolio of foreign currency debt, we are naturally exposed to risks related to fluctuations in currency as well as interest rates.

We closely monitor foreign currency exposures and plan our hedges in consultation with our advisors. The net exposures, including those from derivative instruments, are always kept at acceptable levels and within overall limits as approved by the Board based on its regular reviews.

- **Heavy dependence on India**

A significant portion of our revenues is realised from the Indian operations, thereby making us susceptible to domestic conditions. Even within India, most of our operations and earnings are primarily concentrated in hotel properties in five cities. This further increases our vulnerability.

Currently IHCL has a portfolio of 15 international hotels in USA, UK, Maldives, Malaysia, Australia, South Africa, Sri Lanka and Zambia. In addition to this, we have planned many properties spanning Mexico, British Virgin Islands, Morocco, United Arab Emirates and China. These international properties will help us to reduce our dependence on India and also increase the global footprint of the Taj brand.

- **High operating leverage**

The hospitality industry in general has a high operating leverage which combined with our increased on-going renovations and product upgrades impacts the bottom-line.

We have demonstrated our capacity to optimize operating leverage based on robust brand and service standards, deployment of energy conservation and waste management programs, regular training of associates and introducing control measures to reduce cost without compromising on quality, environment and safety.

- **Impact on environment**

Our environmental footprint largely comprises energy consumption, GHG emissions, waste generation, water consumption, impact on biodiversity (specifically due to forest lodges and properties located on coastal areas) and ODS consumption.

To address risks associated with environmental impact of our operations, we have initiated several mitigation measures. At present 23 hotels are certified for ISO 14001 - Environmental Management Systems. We benchmark and certify our hotels under the EarthCheck™ programme that assists in reducing risks, delivering bottom line improvements, maximising guest experiences and minimising our environmental footprint. Further, we have also initiated programs on waste management and energy conservation that have yielded good results. For our forest lodges, we have ensured that our properties blend with the surrounding environment causing minimal impact. At some of our coastal properties we run programs to manage and conserve coral reefs.

- **Increased outbound travel**

Recent competitiveness in international airfares and strengthening of the Indian Rupee have resulted in destinations like Europe, South East Asia and Australia becoming more affordable to the average Indian traveller. This has increased outbound travel from India and eventually poses a risk to the domestic segment of leisure resorts.

We are steadily increasing our global footprint across several popular international destinations. This will help us to provide the globetrotting Indian with a home away from home.

- **Safety and security**

Ensuring the safety and security of our guests, associates, communities and properties is of prime importance to us. Safety at work plays an important role as our associates are vulnerable to risks related to handling of equipment in kitchens, working at heights, performing repetitive tasks, working in cold storage areas, etc. Food safety is another important aspect where we have to ensure a zero risk.

Across hotels we have invested in various security measures like bollards, luggage screening, metal detectors, dog squads, regular training of security personnel and organising awareness campaigns for guests and associates alike. At present 14 hotels are certified for OHSAS 18001 - Occupational Health and Safety Assessment Series. We have deployed a safety management system across hotels that address issues related to work place health and safety. All our

hotels are certified under Hazard Analysis and Critical Control Points (HACCP) for food safety and the focus is to ensure their upgradation to certification under ISO 22001.

- **Socio-political and ecological drivers**

The volatile national and international socio-political and ecological occurrences pose a constant threat to all businesses alike. Political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions, natural calamities, etc. directly affect level of travel and business activity.

While we have minimal control over these risks, we diligently observe the national and international socio-political environment and accordingly orient business decisions.



Management systems

Identifying threats is just the first step towards safeguarding the welfare of an organisation. Having an adept set of plans to counter those threats is equally important. At IHCL, robust management systems drive organizational agility through tracking of performance on critical business goals, reviewing changes in business environment and taking appropriate action. Business goals are derived from the strategic objectives of the balanced scorecard developed from inputs received at hotel and enterprise levels. Accountability is established through various systems and review processes that eliminate inefficiencies. Action plans to address gaps emerging from surveillance audits, Tata Business Excellence Model assessments, mystery audits, and other surveys and assessments to ensure that the processes remain on a trajectory of continual improvement.

We have deployed a three-pronged model for business excellence. The model addresses critical success factors required for business success at individual, hotel and enterprise levels. Individual improvements are achieved through Kaizen. At the hotel and enterprise levels, the requirements are met through performance improvement teams. The gaps are addressed through modifications in process/product/service and through ideas, processes, technology deployment, product modifications or innovative business models. Triggers for improvement and innovation are identified through review teams that have diverse skills, work experiences, abilities and are trained on improvement methodologies. The gains are shared, appropriately, with other teams working on similar problems and are institutionalized through policies and procedures.

Process improvement is integrated as part of the enterprise process model and is included as part of the review of all processes. 'Taj Positive Assurance Model' is our unique internal audit process that is an objective methodology of providing a positive assurance based on the audits of operating units and corporate functions and is a convergence of process framework, risk and control matrix and a scoring matrix. A framework developed for

each functional area identified on the basis of an assessment of risk and control measures and provides a score that allows hotels to improve on high risk and weak areas. The effectiveness of internal controls is reviewed through the internal audit process across every operation and all major corporate functions under the direction of the Group Internal Audit department.

Mechanisms to ensure integrity, reliability, accuracy, timeliness, security and confidentiality of data & information:

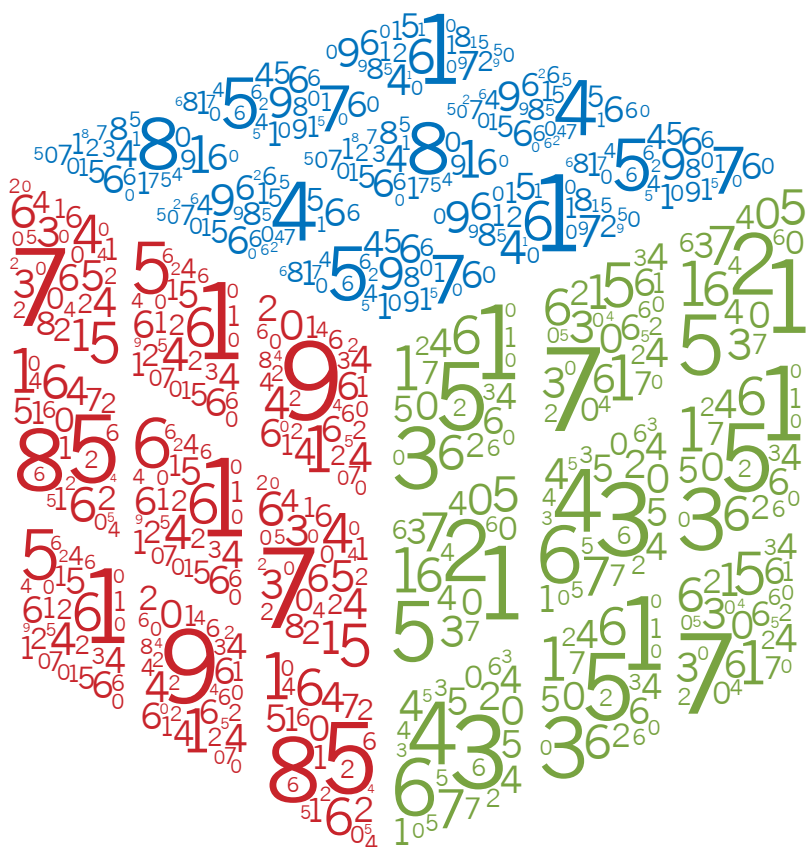
	Process	Information
Accuracy	Data capturing at source and validation at entry point, joint system development and implementation approach.	System generated reports, In-house journals, Overseas visit reports, Tajbuzz, MIS, IT meets, Supplier meets.
Integrity	Data and process owners, Process check points.	Daily reports, User logs, Audit reports, On-line performance reports.
Reliability	Best-in-class IT infrastructure, Central IT management system, Trained IT personnel, Audits and system based audit trails, Disaster recovery planning.	Server logs, Backup logs, Process documents, Shift reports, Learning from experts, Training to new recruits.
Timeliness	Online / On-demand data availability, Real-time data updates, System response time, Pro-active monitoring of hotel interfaces.	On-line MIS reports from CRS, CFS and CRM, Hardware uptime reports, Shift reports, GSTS, intranet.
Security	Antivirus tools, Access code restrictions, Data encryption, Firewalls, Authorization process, Biometric authentication in data centre, Password renewal policy, Role based access, External security audits.	Internal audit, Server reports, External audit reports.
Confidentiality	Authorization process, Password policy, Data encryption, Role based access, IT Security Policy.	Policy documents, Business agreements training, Access controls.

Traditionally, risk management was thought of as mostly a matter of getting the right insurance. However, IHCL changed this impression about risk management which reflects in the consistent growth of the organisation. With the recent increase in rules and regulations, employee-related lawsuits and reliance on key resources, risk management has become a management practice that is every bit as important as financial or facilities management.





Shaping Tomorrow



Shaping Tomorrow

The ideas that decide the future course of action.

You must have endured an annoying traffic jam at some point of time. But have you ever wondered what causes these jams? Well, the reasons are numerous but most often it's the drivers' fault. On a two-way street, to escape peak hour traffic, unruly drivers try to overtake and in the process block the traffic coming from the opposite side. As a result, both roads get blocked. The same goes for communication. Every organisation needs to engage its partners and consumers in a quality dialogue where ideas and suggestions are exchanged to ensure smooth operation and growth.

Stakeholder engagement

Taj's brand image rests on our panache for building relationships. We have an ingrained a "Guest First" culture that focuses on fostering associate engagement and driving operational excellence. The success of building relationships lies in listening to stakeholder concerns and expectations and responding in a right manner at the right time. We demonstrate facets of building relationships in our interaction with all stakeholders. Some of the key highlights are as follows:

- **Guests**

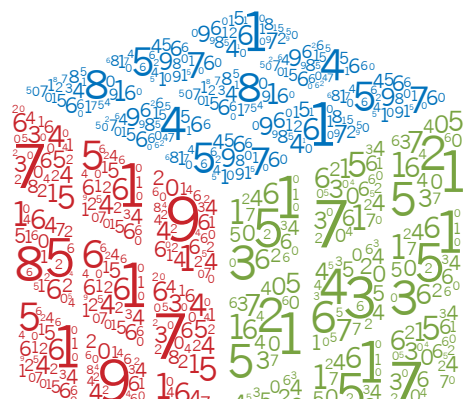
Our business success is a function of guest satisfaction and we go beyond the call of duty to bring in warmth and care in all guest interactions. Our agenda of guest interaction comprises understanding their expectations, acquiring feedback, business development and enhancing relations.

Engagement methods	Frequency	Effectiveness
Strategic level meetings with key customers, Advisory boards, Guest contacts, Travel networks	As per calendar, As per requirement	Minutes, action plans, 3-tier reviews, GSTS, SFA.

- **Associates**

Our associates are our greatest assets and our high associate engagement scores is an evidence of our robust relation with them. Taj has been a preferred employer and careers at Taj are often characterized by long tenures. We interact with our associates through print media and e-communication and also through hotel and enterprise level communication platforms.

We share national and international updates, organization goals, Tata values and best practices with our associates.



There is a dedicated engagement channel to ensure ethical behaviour and strict adherence to the Tata Code of Conduct. There is a special emphasis on employee development through engagement that enables lifelong learning. Associate KRAs are derived in partnership with them to ensure meaningful performance indicators, workable action plans, reinforce values and expectations, receive genuine feedback, address concerns, promote idea generation; and encourage sharing and learning.

Engagement methods	Frequency	Effectiveness
Leadership e-communication (Voices), People track (Promotions and Transfers), In-house magazines and newsletters (print media and e-communication), Video clips, Notice boards, Posters, Walkthroughs by leadership team, Strategy meets, 3-tier reviews, Functional reviews, Town-halls, Skip-level meetings, Pre-shift briefings, etc.	As per calendar, Daily, Quarterly, As required	Employee satisfaction survey, Action plans, Reviews, I-Com Index, Tajbuzz hits

- **Investors/Shareholders**

Investor confidence is what drives our business and we strive to arrive at short-term and long-term returns to meet their expectations in a sustainable manner. We have strategically planned new builds, renovations and upgrades in order to leverage market conditions and optimize returns. Through our annual general meetings and other communication, we share our financial performance and future strategies with the shareholders and investors and also address their concerns and seek their approvals as required.

Engagement methods	Frequency	Effectiveness
Annual general meetings, Quarterly reports to shareholders, Analyst meets and Leadership interviews in public media.	Annually, Quarterly, Twice a year	Transcripts of teleconference, minutes of AGM.

- **Partners**

We have built long-term relationships with partners and include them in our business growth. As we expand to new destinations, we invite our partners to partake in our progress and give them the first right of refusal in case of hotel development. We pride in the fact that we have not lost any key partner or any long-term association so far.

Engagement methods	Frequency	Effectiveness
Partner meets, Board meets, Investors meets, Performance reviews	Annually, Quarterly, Twice a year	Minutes of meeting, Action plans,

- **Vendors**

Vendors play an important role in the delivery of our products and services to our customers. Our long-term and robust backward linkages ensure efficient and timely business operations. Vendor development has always been of high priority at hotel, regional and central purchase levels; ensuring support to our vendors for meeting IHCL's growing operational demands. Regular interactions with our vendors ensure setting of right expectations, timely delivery of quality products and services, addressal of concerns, opportunities for innovation and optimizing costs.

Engagement methods	Frequency	Effectiveness
Vendor meets, Negotiation meetings, Contract renewal meetings, Performance reviews	Annual, As required	Minutes of meeting, Action plans,

- **Government**

We regularly comply with the regulatory requirements and interact with relevant government officials in various forums. We partner with several government and semi-government bodies and agencies related to the hospitality industry. We also participate in national and international discussion forums to develop policies related to travel and tourism. Many of our leaders represent IHCL across various public policy committees and industry associations. We have a regular interface with various police, intelligence and other law and order regulating agencies.

Engagement methods	Frequency	Effectiveness
Meeting with Government and Ministries, Participation in advisory boards, Trade delegation meetings	As required	Minutes of meeting

- **Communities**

Engaging with communities and ensuring inclusive growth is the cornerstone of Tata philosophy. We build on this philosophy by extending our core competencies to improve the quality of life of key communities as identified under our theme of building sustainable livelihoods. While working on the corporate level theme, we encourage our hotels to respond to local needs and emergency situations through regular engagement with local NGOs, government bodies, opinion leaders, community organizations and community members. The Taj Public Service Welfare Trust was set up with a mandate to specifically reach out to communities affected on account of man-made or natural disasters.

Engagement methods	Frequency	Effectiveness
Meeting with government agencies, NGOs, Citizen groups, Community representatives	As required	Minutes of meeting, Action plans, Feedback, Audits

Prioritizing critical issues

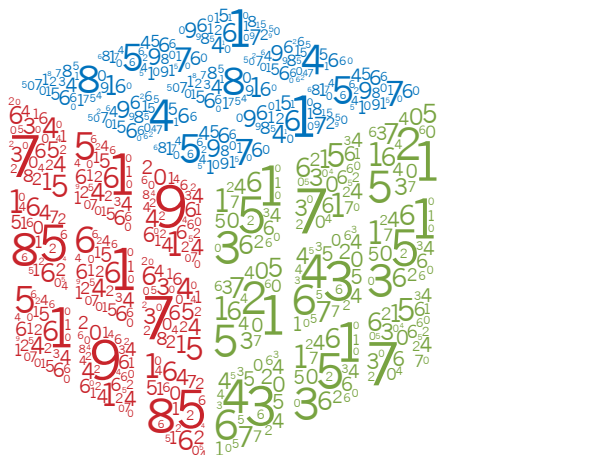
Our continuous dialogue with internal as well as external stakeholders has helped us in proactively determining aspects of our performance that are of particular interest to them. As our engagement evolved, we were able to create a mechanism to continuously monitor and track issues on a proactive basis. We analysed these issues against our key risks, challenges, and strategic priorities at enterprise and hotel level to select the most critical ones. This report represents our complete range of actions and related performance on the following critical issues:

- Optimizing revenues
- Focusing on customer delight
- Ensuring safety
- Developing human capital
- Ensuring environmental excellence
- Creating sustainable livelihoods



• Optimizing revenues

As a business, IHCL has a fundamental obligation towards shareholders and investors to run the business and grow the business in the most efficient and responsible manner. What this entails is deployment of existing and future resources in an optimal manner to ensure a robust financial bottom-line without compromising the environment or society. Revenue management is one of the top priorities at IHCL because of our increasing cash outflow towards building, renovating and buying hotels, combined with rising operating costs, increased competition and decreasing Revenue Per Available Room. Costs are



core to running the business, however it is equally important to ensure that money is invested where it is absolutely critical and hence the need for revenue optimization. It is about doing things differently to be able to effectively manage the people, raw material, support services, administration, maintenance and operating supplies amongst others. Optimizing revenues is not about cutting corners or limiting capabilities. Simply put, it is about understanding the processes, evaluating triggers that influence activities and identifying the decision makers; and integrating the three into a measurable plan.

• Focusing on customer delight

Guest satisfaction is the fulcrum around which our business revolves. Valuing the customer, paying attention to, understanding his/her requirements and responding appropriately is the key towards customer satisfaction. Enhanced customer satisfaction helps us in two ways: it builds customer loyalty and increases customer advocacy. Customer centricity drives the quintessential Taj experience. We strive to create a mix of intuitive creativity and research-driven application for maximizing guest satisfaction. IHCL has evolved with time and as result we have a new brand architecture that is poised to meet the requirements of consumers based on their lifestyles and interests. Each and every aspect of the brand has been considered from the experience it offers through the product mix, usability, distribution, content and media. From the Smart Basics Ginger to the flexible and young Gateway and from the stylishly spirited and sophisticated Vivanta to the opulent and majestic Luxury hotels, we have a range of offerings that will meet the varying customer needs.



• Ensuring safety

Safety and security of our guests, associates, communities and assets is of paramount importance beyond the realm of basic essentials. Learnings



from the past have helped us to create more robust safety and security management systems. Surprise audits and walkthroughs by experienced national and international safety advisors further strengthen these systems. We ensure that our businesses adopt pro-active attitude towards safety and are in strict compliance to the requirements of IHCL's safety and security policy. Setting high standards of safety will help in demonstrating our commitment towards stakeholders and subsequently help build their confidence. At IHCL, safety is managed at the Board level with the Executive Director - Operations heading the apex level SHE (safety, health and environment) committee further demonstrating the high degree of seriousness on ensuring safety.



- **Developing human capital**

We believe that associate engagement, development and empowerment are central to creation of differentiated customer value, a key competitive success factor. We train our associates to function in synergy for delivering a seamless guest experience backed by systematic procedures and standards and well-supported by a continuous two-way information flow. Our HR strategies form a critical part of our business plan and are built around attracting, retaining and developing talent. We also focus on keeping our associates happy and satisfied through provision of excellent facilities and welfare activities. Constant learning and development on functional aspects of the job and on leadership supported by a clearly defined performance management system helps our associates to demonstrate a consistent high performance. The cumulative effort of our associates collectively defines, preserves and elevates the Taj Experience.



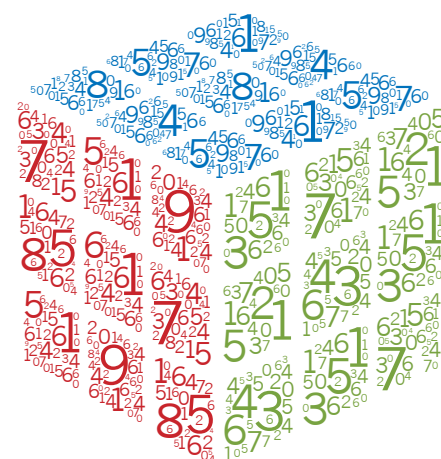
- **Ensuring environmental excellence**

Environment plays an important role in the hospitality industry as it has the ultimate potential to amplify guest experience and hence guest satisfaction. At IHCL, the environmental footprint of hotels can be attributed to consumption of natural resources, energy and water; generation of emissions, effluents, and wastes; and

impact on biodiversity. We strive to maximize our environmental productivity through efficient management of all assets and resources, thereby avoiding short- and long-term environmental damage and maintaining and promoting natural diversity. We have capitalized on such productivity improvement and created beneficial programs on energy conservation and waste management. Several of our hotels are zero discharge operations and a few have anaerobic digesters to tap biogas from kitchen wastes. We care for the biodiversity around our properties and ensure that our architecture blends well with the natural surroundings causing minimal impact.

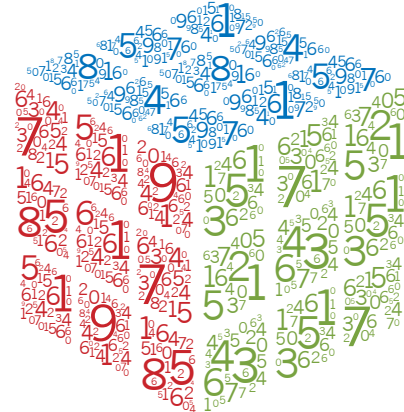
- **Creating sustainable livelihoods**

With the service industry growing at a fast pace, the need for trained and groomed manpower and able local vendors is imperative for smooth functioning of business. While there is such high demand on one side, there is a huge number of unemployed/ underemployed youth and small scale enterprises across the globe. IHCL believes that it can act as a bridge to effectively connect the scenarios, while benefitting both ends. Our Corporate Responsibility theme of 'building sustainable livelihoods' is as central to our growth as making profits. We work symbiotically with the larger community and our goal is to empower our target groups to be independent, earning members of society. We work alongside state systems and civil society organisations towards evolving realistic and sustainable solutions for national challenges like malnutrition, unemployment and gaps in vocational training and education. Our association with the rich heritage of India enables us to provide a platform to showcase indigenous art and culture to the world.



Sustainability strategy

We at IHCL understand the environmental and socio-economic context of sustainable business performance and hence are better placed to manage sustainability risks. As resource-efficient hotels, we improve our bottom-line and also ease our load on the planet by embracing sustainable business practices. IHCL's sustainability strategy comprises the following six key elements that together propel sustainable business operations:



- **Policy and framework**

We have instituted environment and safety policies that have commitment from the Board and hotels alike. The apex level SHE committee is headed by Executive Director - Hotel Operations who has considerable awareness, knowledge and skills to implement best practices to regional and international standards. Further, at Hotel level the General Manager is responsible for implementing measures and measuring progress on indicators like water use per guest per night, energy use per guest per night and waste generated per guest per night.

- **Staff training and awareness**

We ensure awareness on our key policies through regular meetings, posters and information on notice-boards. We encourage motivation through competitions, suggestion boxes and reward associates for successes each month. There is a dedicated module on importance of these policies in associate induction, followed by regular refresher trainings. We are in the process of launching a responsible business programme for associates that will further increase awareness on importance of deploying sustainable business practices.

- **Destination management**

We promote destination management at two levels: internally to ensure safety and security of our hotel premises and externally to conserve and preserve local cultural heritage and ecosystems. We have recently adopted a safety management system at hotel and enterprise level for ensuring a safe

and healthy workplace. We train operators in appropriate handling and maintenance of vehicles / boats and mandate maximum speeds within hotel premises. At some of our hotels, we have adopted efficient modes of transport to decrease noise and air pollution. Wherever possible, we use native plant species for landscaping and also contribute towards preservation and restoration of natural habitats. We have also designed a guest education program at critical locations to communicate clear messages relating to protection of local environment and culture.

We continually assess our hotel's environmental impacts and determine potential primary and secondary impacts and their significance through the EarthCheck™ program and under ISO 14001 certification. Such assessment is followed by listing of possible mitigation and management alternatives. We measure and monitor our performance and progress on a regular basis depending upon the criticality of the performance indicators. Further, we also inform guests, vendors, and local stakeholders about our environmental policy, programmes and good practices. We have set measurable short and long-term targets for improvement and plan to work with other partners to improve our environmental performance at hotel and enterprise level.

- **People and communities**

We have adopted the Tata Code of Conduct that ensures fair, honest, open and transparent dealings with guests and employees along with respecting their human rights at all times. We are sensitive to the needs of our employees and the surrounding communities and take appropriate mitigation actions wherever necessary. We promote local culture, heritage, cuisines, traditions and also support local community development projects towards creating sustainable livelihoods. Going forward, we plan to create sustainable tourism related partnerships with the local communities and also provide ways for guests to volunteer for local conservation or community development projects.

- **Purchasing**

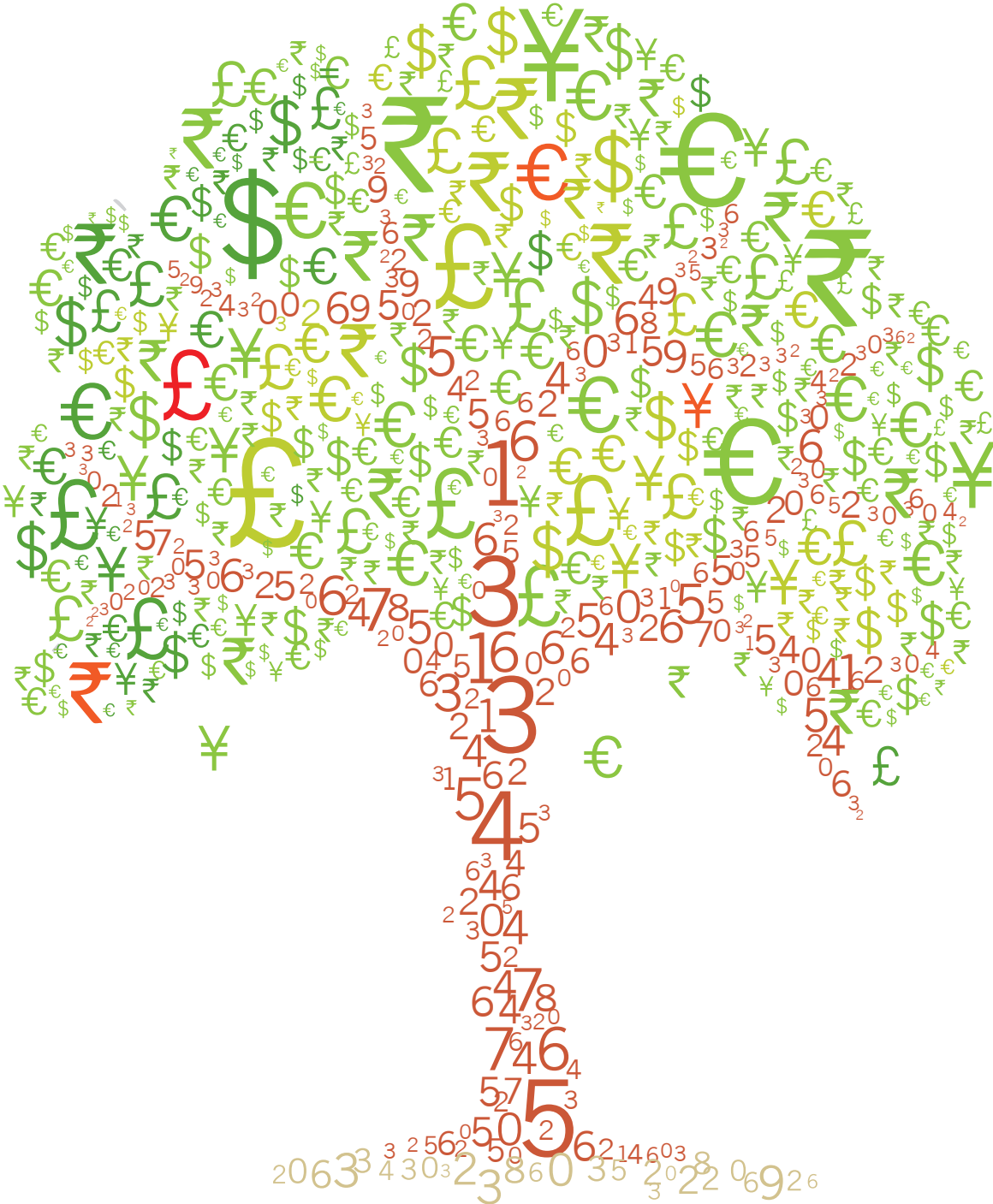
We have partially integrated sustainable criteria into our purchasing policies and procedures. All our contracts require our suppliers to subscribe to requirements of the Tata Code of Conduct that promotes ethical business conduct. Across hotels, our aim is to source products which are sustainable in their manufacture, use and disposal. We constantly review certain products and services and identify availability of sustainable

alternatives. For example, eco-friendly cleaners, pest control services, fair trade products, eco-labelled goods, energy-efficient equipment, etc. We also source goods and services from cause based organizations (NGOs/community self-help groups), indigenous artisans, craftsmen and culture groups. At hotel level, we ensure that seasonal and local requirements for vegetables, poultry, dairy products, grocery, etc. are procured from local suppliers. Going forward, we plan to conduct sustainability audits for our suppliers and recognise better performing suppliers through special events, promotions and longer-term contracts.

Communication is the lifeblood of all organisations. It is of vital importance to the well-being of a state or even a business enterprise. The success of a business enterprise is directly proportional to the level of communication maintained by it. In the new context of globalization and free trade, organizations have to communicate cutting across national and cultural boundaries. Effective communication enhances the potential of the employees and an organisation, and acts as a motivating force for greater efficiency and productivity.



A Vision Beyond Margins



A Vision Beyond Margins

Making the most of what we have.

A traveller once visits a recession hit town. He enters a hotel, pays ₹5,000 to the manager as a deposit and decides to check out the place before finalising the deal. In the meantime, the manager who owes ₹500 to a butcher uses the money to clear his debt. The butcher pays the money to the pigsty owner and gets rid of his debt. The pigsty owner pays the money to a fodder supplier; the fodder supplier pays the money to the same hotel owner where he had spent a night when his truck broke down. The traveller doesn't like the room, so he takes back his deposit and walks away.

In reality, the traveller didn't spend a penny yet the neighbourhood is debt free. The moral: wise money management can get you through even the most testing times.

Travel and tourism in Asia Pacific grew very strongly in 2010 in line with the recovery from the global recession. All Asia Pacific sub-regions made strong gains in 2010, but the best growth was in South Asia, boosted by a visible recovery in India, China and Sri Lanka. In the year 2010, the tourism sector in India witnessed substantial growth as compared to 2009. The Foreign Tourist Arrivals (FTA) in India during 2010 was 5.58 million as compared to the FTA of 5.17 million during 2009, showing a growth of 8.1%. Overall, Foreign Exchange Earnings (FEE) from tourism during 2010 were ₹64.89 billion as compared to ₹54.96 billion during 2009, registering a growth rate of 18.1%. The domestic tourist traffic was also estimated to have increased by approximately 15%.

Our success story is written more in numbers than in words. Here's an account of how IHCL managed its finances in various scenarios.

The total income for IHCL in the year ended March 31, 2011 at ₹1.73 billion was higher than that of the previous year by 13%.

Room income was also higher than the previous year by 19%. The Average Room Rate (ARR) increased by 9% over the previous year. Food & Beverage (F&B) income also increased by 19% over the previous year, enabled by a healthy growth in banqueting income, which grew by 22% over the previous year. The Profit before Tax at ₹2,229.50 million was higher than the previous year by 2%. However, Profit after Tax was lower by 8% at ₹1,412.50 million, over the previous year mainly due to a higher incidence of tax on business profits.

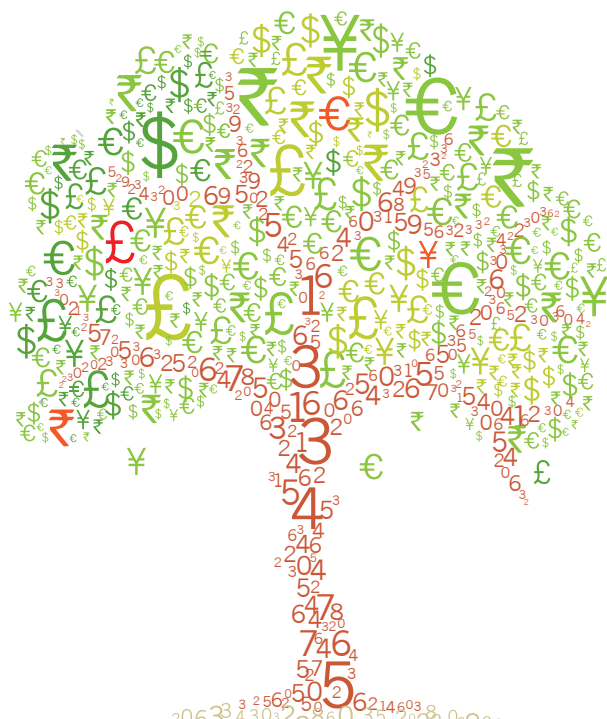
IHCL's consolidated turnover for the year ended March 31, 2011 aggregated to ₹2.92 billion as against ₹2.56 billion for the previous year.

Loss after Tax which aggregated to ₹872.60 million for the year reduced in comparison with the Loss after Tax of ₹1,368.80 million for the previous year. The consolidated turnover increased by 14% with improved domestic tourism and corporate travel which favourably impacted ARR and occupancies across not just our hotel portfolio but also the hotels in joint ventures, subsidiaries and associate companies. There was an improvement in the Management Fee income from hotels under operation. The restored Taj Mahal Palace, Mumbai, the full year impact of new inventory at Taj Lands End and the recently opened Taj Falaknuma Palace, Hyderabad contributed to improved results. Among the domestic subsidiaries, the subsidiary in the economy hotels segment grew its hotel portfolio thus improving its turnover. The profitability of TajSATS continued to be impacted by the pressures being faced in the aviation sector. Subsequent to the successful launch of The Gateway hotels brand in 2009-10, during the year we launched the Vivanta by Taj brand, the response to which from our guests and the trade has been very favourable.

Effectively, we now operate our portfolio of hotels under four clear and well-defined brands, namely Taj Luxury Hotels, Vivanta by Taj, Gateway and Ginger hotels, each addressing opportunities at varying price points and providing to our guests well-defined and consistent products, services and experiences. IHCL's US subsidiary continued to be impacted by the slower-than-expected recovery in the US economy. However, the losses from the US portfolio have reduced and all efforts are underway to turn the portfolio profitable in the near term. The re-opening of The Pierre after renovation has resulted in turnover growth which along with other US hotels has registered increasing occupancies, the pressure on ADRs notwithstanding. Our UK subsidiary continued to register a good performance in line with the previous year. The international joint venture with hotels in the Maldives registered improved performance taking the benefit of full year operations of the renovated Vivanta by Taj, Coral Reef, Maldives.

During the year under review, we incurred ₹3,074.60 million towards capital expenditure.

Major expenditure was incurred on the projects covering the Taj Falaknuma Palace, Hyderabad, Vivanta by Taj, Dwarka, Vivanta by Taj, Yeshwantpur and towards the restoration of Taj Mahal Palace, Mumbai. The efforts of restoring the once resplendent Falaknuma Palace, Hyderabad eventually fructified with the



grand opening of the Taj Falaknuma Palace in November 2010, with an exclusive get together of global connoisseurs of luxury who came together in Hyderabad for this occasion.

After witnessing a period of economic slowdown for the past two years, the world markets witnessed signs of recovery, resulting in increase in travel and leisure business. We ventured into new geographies by entering into management contracts in Mexico and British Virgin Islands for development of high-end Luxury Resorts with 100 and 206 keys respectively. We also recently signed a management contract for establishing a Taj Luxury Hotel in Marrakech, Morocco, which is expected to open by the last quarter of 2011. IHCL continued thrust on flagging properties under the "Gateway" brand in prominent economic, commercial and industrial centres of India by signing management contracts for hotels in Chandigarh, Ludhiana and Kolhapur. We also signed management contracts in leisure destinations such as Shimla and Rishikesh for a Gateway and Vivanta by Taj resort respectively. Furthermore, we entered into MOUs for Gateway Hotels in Chiplun, Maharashtra and in Faridabad, NCR.

Due to politically unstable conditions in the Middle East, our management contract projects are moving at a slow pace in this region. The design planning of our management contract project in Beijing, China, is underway. However, the Hainan Project is being updated to the master plan in the wake of amended coastal regulatory advisory in this region. Last year we acquired the erstwhile "Sea Rock" Hotel in Mumbai with the intention of redeveloping it in conjunction with the existing Taj Lands End Hotel, Bandra. The dismantling works have been completed during the year and currently design planning is underway for developing this property into a landmark hotel of the city that would boast of a LEED Platinum certification and some of best environmental practices around the globe. Preliminary construction works for Vivanta by Taj hotel project in Guwahati has commenced and the Vivanta by Taj hotel project in Amritsar, through one of its associate companies, is progressing well in terms of design planning. The Vivanta by Taj hotel in Yeshwantapur, Bangalore, is nearing completion and is expected to open by second quarter of 2011. The

construction of the Vivanta by Taj hotel project in Dwarka, New Delhi, is progressing well. We invested through one of our subsidiaries in 'Vivanta by Taj' resort at Coorg, which is scheduled to open by end of 2011. Of the 64 room expansion of Vivanta by Taj Fisherman's Cove hotel in Chennai, 48 rooms are currently operational and work on the balance 16 rooms is in progress. Vivanta by Taj hotels in Coimbatore and Hyderabad under development by our associates are expected to open during the current financial year.

Our management contract projects under the Vivanta and Gateway brands are progressing rapidly. In April 2011, we made a foray into one of India's most beautiful destinations - Jammu & Kashmir by opening an 89-room Vivanta by Taj resort in Srinagar. The Vivanta by Taj projects in Bekal, Gurgaon and The Gateway Hotel in Kolkata are expected to open during the current financial year. Reinforcing IHCL's growing interest in the state of Gujarat, the erstwhile Gir Lodge is being renovated to re-brand and re-launch as The Gateway Hotel - Gir Forest by the second quarter of this financial year.

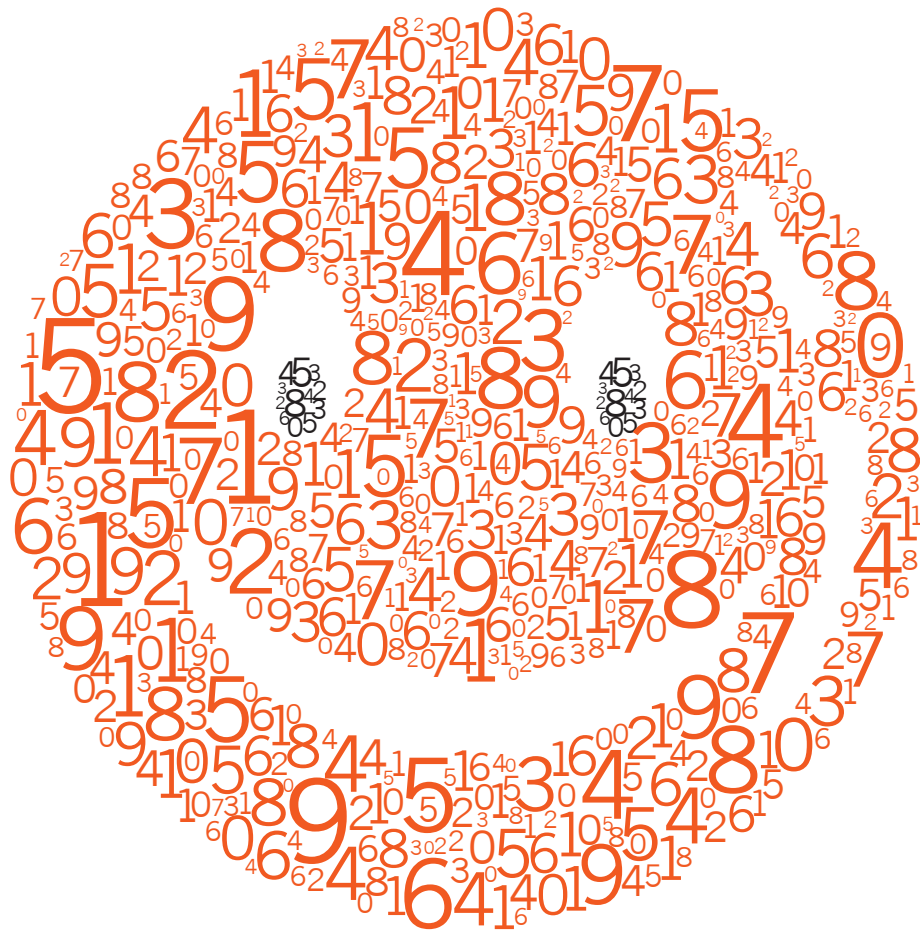
Customers buy value, therefore it follows that improving the customer experience increases customer loyalty. So it's imperative that the properties stay in tune with the trend. The restoration of

the Taj Mahal Palace, Mumbai, was concluded with the opening of rooms and suites in the resurrected heritage block. At Taj Palace, Delhi, we renovated and re-opened select banquet areas and one floor of guestrooms. The hotel also opened the 6,500 sq.ft. "Tata Suite" in November 2010 with the French and Russian Presidents as some of the first few guests of the Suite. We undertook renovation projects for certain key properties of associate companies as per the ongoing product upgradation initiatives. Vivanta by Taj Blue Diamond, Pune, saw the re-opening of the renovated Coffee Shop and Banquet Hall in a contemporary avatar, corresponding to the "Vivanta" brand's design philosophy. At the Vivanta by Taj President, Mumbai, one guestroom floor was renovated and opened to guests during first quarter of the current financial year. The Coffee Shop at The Gateway Hotel, Ernakulam, was renovated and re-launched as a contemporary all day diner. The Lobby, 'Chambers' and select meeting spaces were renovated at the Taj Coromandel Hotel, Chennai.

To achieve our goals, we have developed an approach to utilize our resources to their full potential and the same is monitored on a regular basis. This move also ensures that sound management practices are in place and that the funds are made available in a judicious manner.



A Different USP



A Different USP

It's not just the fine service and joyous experiences that bring them back.

Walt Disney once said, "Do what you do so well that they will want to see it again and bring their friends." At IHCL, we have been doing it successfully for years now. All thanks to a relation we share with our guests that extend beyond impeccable hospitality. No wonder, we have attracted guests from every corner of the world, who come back to relive the moments they cherish.

This is only possible by maintaining equilibrium between the services offered on the premises and off it. The pampering on the premises is well known but the lead up to the ultimate indulgence begins with a very proficient support system - the customer support. Customer support for IHCL means courteous and competent associates who are responsive to guest needs/requirements. Our internal sales structure is designed to target markets and defined-customer segments in each city/region. Sales teams actively call upon current and potential customers to identify their requirements as well as to apprise them of new products and services introduced by us. Relationship executives follow structured relationship-building plans which include periodic visits, acting as one-point contact, sharing data on new products/services, cross-selling as well as obtaining feedback on guest experiences and future requirements.

Recognizing that communication mechanisms are key to the hotel industry, we have implemented diverse communication mechanisms for guests. Guest requirements for access are designed using industry norms, international trends, feedback from guests

as well as interactions through social media. This diversity of the communication mechanisms allows guests to use those that are most appropriate to their needs. Customer support requirements are deployed through relationship executives who act as a single window between the guest and IHCL. We provide feedback to our channel partners and intermediaries based on guest feedback and also build the same into our requirements to keep the mechanisms responsive to guest needs. Guest requirements are also communicated through pre-shift briefings to associates for action. Regular mystery audits and extensive training of all associates, sales force and hotel staff on guest contact standards reinforce deployment.

Proactive guest engagement has helped us to pioneer the fine art of hospitality in India. We use articulated guest expectations and experiences as inputs into our operational processes and brand standards. Eminent management institutes like Harvard and Cornell (the world's premier hotel management institute) have used IHCL as a case study, showcasing its brand architecture.

Credit Suisse Research Institute has also recognized IHCL as the only hospitality brand in its global study "Great Brands of Tomorrow" based on the successful emergence of three new brands which help to provide scalability and market leadership.

It doesn't come as a surprise then that we were crowned with some of the most prestigious honours of this year:



Awards & recognition



Robb Report, USA 23rd Annual - Taj Falaknuma Best of the Best 2011 Luxury Portfolio June 2011



Travel+Leisure it list Taj Falaknuma Palace & TMP Mumbai & Vivanta Hotels & Resorts Top 50 new Hotels June 2011



DestinAsian Travel Magazine - Readers' Choice Awards Feb-March 2011 - The Taj Mahal Palace, Mumbai



CNT UK The Hot List 2010 Best New Hotels in the World May 2010 Nadesar Palace Varanasi, The Pierre New York



CNT USA 14th Annual Hot List May 2010 - Banjaar Tola Kanha & Taj Cape Town



Travel+Leisure, USA World's Best 500 Hotels 2011 - TLP Udaipur, TMP Mumbai, UBP Jodhpur, RP Jaipur, Taj Palace & Taj Mahal Hotels New Delhi



CNT USA Gold List 2011 World's Best 504 Hotels Jan 2011 JMP & Rambagh TMP Mumbai TLP Udaipur, TMH Delhi



2011 TATLER Travel Guide 101 Best Hotels Taj Falaknuma Palace - All Guns Blazing CapeTown - The Real Deal, TMP Mumbai - Classics



CNT UK The Hot List 2011 65 of the coolest new Hotels in the world May 2011 The Taj Mahal Palace, Mumbai & Taj Falaknuma Palace, Hyderabad

Renovations and upgrades

As the trend setter in the field of hospitality, we are constantly rediscovering our existing methods, structures and future course of actions that have enabled us to stay a cut above the rest. Here are some of the recent highlights:

Taj Mahal Palace, Mumbai

The Taj Mahal Palace, Mumbai, reopened its Palace Wing on August 15, 2010. The Chairman, Mr. Ratan Tata, was present at the occasion and a ceremony honouring the founder of the Tata Group, J N Tata, was organized in the hotel. The entire staff of the hotel pledged to the Chairman to reinvent the magic that made the Taj the institution it is. The Taj Mahal Palace has an inventory of 289 rooms; including the Presidential Tata Suite, 46 grand suites, 82 Taj club rooms and 161 grand luxury rooms. The reopening of the hotel was accompanied with the launch of the new "Taj Forever" brand campaign.

Vivanta by Taj

Nineteen hotels were upgraded to the Upper Upscale brand at the Vivanta by Taj - Hotels & Resorts brand launch in September, 2010 in Bengaluru. Sixteen erstwhile Taj Hotels joined the three existing Vivanta by Taj hotels to create a brand which has a footprint of 19 hotels and nearly 2,400 rooms. Vivanta by Taj

offers a fresh, vivacious and stylish take on 'cool luxury'. With innovative cuisine concepts, the smart use of technology and experiences that seek to constantly engage, energize and relax, it appeals to the cosmopolitan world-traveller synchronized into an immersive and sensory lifestyle.

Taj Cape Town


The Taj Cape Town was officially inaugurated by our Chairman at a red-carpet event attended by over 300 guests that included government officials, corporate, key trade and media. The historic structure of the Taj Cape Town is home to the heritage rooms and suites, tower rooms and suites, the Presidential Suite and the Taj Club. These 177 exquisite rooms offer guests old-world quality complemented by modern features and luxury amenities.


Taj Falaknuma Palace


The grand launch of the Palace was celebrated in November, 2010, with an exclusive get-together of global connoisseurs of luxury who came together in Hyderabad for this occasion. The Palace now stands proud and ready to resume its status as Hyderabad's most exclusive address with its 60 restored rooms and suites.


Hosting Statesmen


Taj has had a legacy of welcoming prestigious world guests over 100 years. Taj hotels have historically played the perfect host to the world's eminent leaders, celebrities, and royalty. Some of the heads of states who chose to stay at Taj hotels included:

 President of United States of America Barack Obama and First Lady Michelle Obama - The Taj Mahal Palace, Mumbai

 H. E. David Cameron, Prime Minister of the United Kingdom - Taj Mahal Hotel, New Delhi

 H.E. Wen Jiabao, Premier of the People's Republic of China - Taj Palace Hotel, New Delhi

 H.E. Nicolas Sarkozy, President of France - Taj Palace Hotel, New Delhi/The Taj Mahal Palace, Mumbai

 H.E. Dmitry A Medvedev, President of the Russian Federation - Taj Palace Hotel, New Delhi



Re-launch of surprises campaign

We first launched the Surprises campaign in 2009-10 and based on the tremendous success of the campaign in driving revenues during the tough years we decided to continue with the same in 2010-11 as well. The various initiatives undertaken for this campaign were:

- Stay a bit longer
- Suite surprises
- Taj Holidays Bonus Rewards
- Taj Holidays Monsoon Tactical
- Taj Inner Circle milestone based rewards and incentives
- Urban Sanctuary - Experimental and Value vouchers.

- “Suite Celebrations” - An initiative to drive incremental suite sales and revenues was launched across Luxury hotels worldwide in December 2010. The basis for the campaign was feedback from a Customer Survey on Suite Usage, internal Suite usage analysis for the last two years and a thorough competitive scan.

If the journey to the top is a difficult one, then holding onto it is even harder. As the pioneer of hospitality in the country, the focus never shifts away from us. So we are constantly raising the bar, be it giving a facelift to a heritage structure or launching a plush modernist hotel. Every venture sets standards for others to follow.

Guest satisfaction and tracking survey

The Guest Satisfaction Tracking System (GSTS) is an online feedback mechanism aimed at soliciting guest feedback on their stay experience in a hotel. Upon departure from a hotel, a guest receives a web-link vide email. Through this link a feedback form opens out where guests can rate the hotel services on a scale of Excellent, Very Good, Good, Fair & Poor. The form also has an open field for guest comments. When submitted, the form automatically enters a Customer Feedback System database which records the feedback, without any human intervention. This is now available for viewing by all those concerned with the guest stay.

As this feedback is received in real time, hotels can access this 24x7. All feedback is responded to by the hotel and any concern areas (complaints/Fair & Poor ratings) are investigated and responded to. Aggregation of this data is done at various levels - Corporate, Brand and Hotel and used to drive improvements. Typical improvements are in the nature of improving delivery times and error-free services. The data is also used as an input into training programmes aimed at just-in-time training to address service short-falls.

Taj Inner Circle

Taj Inner Circle welcomes you to the world of luxurious rewards and privileges. Where you can turn your stays and meals into memorable vacations, rejuvenating spa experiences, gourmet delights and lots more.

The Taj Inner Circle makes for the perfect programme for those who stay with us frequently and the gourmets who patronize our award-winning restaurants. As a member you earn points for all your eligible spends when you stay or dine with us. Redeem the points for attractive rewards. Enjoy member-exclusive benefits like price-offs on Taj Holidays, special deals on room tariffs and a bouquet of offers put together, to make patronage of the Taj a truly rewarding experience

As a Taj Inner Circle member, your check-in and departure formalities will be easier, faster and more flexible. We strive to ensure that your stay experience is made unique, from the welcome at the Hotel to the in-room experience. You will be privy to a series of member-special offers which will help you enjoy greater value from your transactions at the Taj.





Taj Falaknuma Palace

The Falaknuma Palace is the latest addition to the glorious legacy of luxurious palaces in our portfolio. Literal translation of Falaknuma in Urdu means 'mirror of the sky' and in true sense, the palace lives up to this meaning. This palace is located about 2,000 feet above the city of Hyderabad and was commissioned in 1897 by the then prime minister of Hyderabad, Nawab Viqar-ul-Umara.

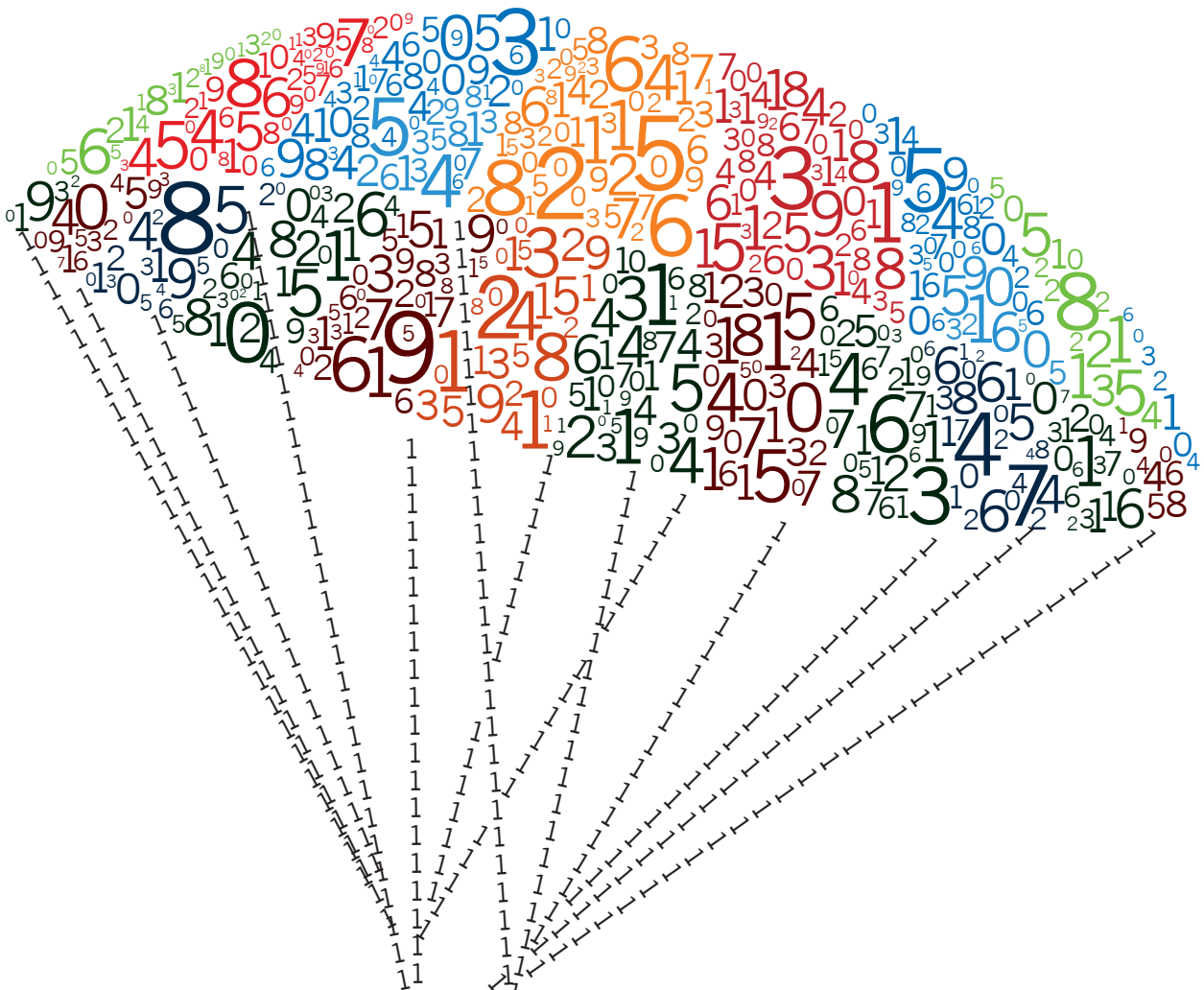
IHCL took over the Falaknuma Palace in 1995 and the next fifteen years were spent in re-instating the palace' original immaculate beauty and grandeur. Re-christened as the Taj Falaknuma Palace in 2010, this property comprises 60 rooms and suites in an old world charm, complemented by modern technology.

Nestled amidst verdant and unique themed gardens, Taj Falaknuma Palace is a rare blend of Italian and Tudor architecture. Made entirely of Italian marble, the palace is home to ornate

inlaid furniture from Kashmir, rich handcrafted tapestries and brocades from France, etc. Some of the majestic attractions of the palace include:

- The Grand Presidential Suite - a stately duplex suite with state-of-the-art amenities and a personal butler.
- The Jade Room - an area with Victorian style hand-painted ceilings and Belgian cut glass chandeliers that showcases a timeless collection of precious gems and art from around the world.
- The 101 Dining Hall - a hall with the world's largest dining table that can seat 101 people at a time, adorned with five enchanting Belgian chandeliers.
- The Durbar Hall - a hall inspired by the mythological Indra Bhavan with gilt edged detailing and warm tones
- The Hookah Room - a majestic room with walls that are covered with patterned embossed leather panelling and a rich mahogany finished timber ceiling.

An Opulent Haven



An Opulent Haven

Keeping troubles at bay.

A turtle is symbolic of the fact that safety is vital to survival. When intimidated, all it has to do is just retrieve itself into the protection of its hard shell. No wonder, this species has existed for over 215 million years. Similarly every living being has its own defence mechanism - plants grow thorns, insects camouflage themselves, birds take to the skies while herbivores take refuge in huge groups.

Safety is a requisite for continued existence and growth, and its laws apply to every living organism and entity.

As an organisation, IHCL understands that safety and security of guests, associates, vendors, communities and assets is of paramount importance. Standard specifications have been identified and incorporated into the design of offices, hotels, products and services. These are subject to evaluation on a regular basis to incorporate changes in the regulatory requirements, industry trends, external conditions, availability of newer and secure technology, capability needs of our associates and guest requirements.

To ensure a safe and secure living environment for them, we have deployed safety and security management systems in line with international best practices. These systems are designed at Enterprise and Hotel level, based on identified requirements of the work areas - offices, front-of-house and back-of-house. The main objectives of these systems are:

- to ensure that risks to health and safety at workplace are identified, assessed and eliminated or controlled.
- to promote awareness on health and safety at workplace and in the surrounding communities.
- to develop a system that maps physiological and psychological feedback from associates and guests related to safety in hotels.

- to create an environment of continual improvements towards health and safety.
- to effectively measure and monitor health and safety parameters across hotels.

At the Enterprise level, we have constituted a Safety, Health and Environment (SHE) council that reviews, processes and implementation of management systems on a quarterly basis and a Security council that reviews security procedures and preparedness of hotels for security risks. At the Hotel level, we have created a SHE committee headed by the General Manager and comprising key Heads' of Department for reviewing SHE and security issues on a monthly basis. Each hotel has been assessed by an external agency for security risks and subsequent mitigation plans are being implemented. Emergency preparedness/crisis management plans are deployed by crisis management teams. These plans are periodically tested and updated, based on national and international security alerts. The crisis management manuals describe processes to address emergency, natural disasters, health risks and other threats to business continuity, including data security and backup, guest and associate safety and safeguarding of property and assets.

The deployment of safety and security management systems and action plans has helped us to improve guest perception of safety practices at our hotels. This is evident from the responses received through the guest satisfaction tracking system, improving the scores on the parameters related to *safe and secure environment at hotel* from 53 in the previous year to 56 in this year.





Continued stringent measures adopted across hotels have helped us maintain an already high score of 89 on parameters related to safe and secure environment at the workplace in the employee satisfaction survey.

To benchmark our safety and health practices, we conduct Diversey SafeKey audits. This year, we have improved our score to 83.77 from 82.83 in the last year.

This year the injury rate across hotels for major injuries was 1.64 per 100 associates per year, while the lost-day rate was 13.51 per 100 associates per year. Till last year, at IHCL a reportable injury was recorded when an associate did not return to work beyond 48 hours of the occurrence of the injury. This year we deployed stringent measures and changed the same to 24 hours. Across hotels, 180 minor fire incidents were reported and resolved. We have systematic processes in place to conduct a root cause analysis of such incidents and learn from them. Periodic safety audits by internal and external agencies are organised to ensure compliance with safety norms and identify improvement areas.

In our hotel kitchens and catering units, we strictly adhere to Hazard Analysis and Critical Control Points (HACCP) standards and ISO 22001 (food safety management systems) to ensure highest levels of food safety. At TajSATS, stringent monitoring mechanisms ensure the quality of food from the time it is received, prepared and produced up until the time it is served. Regular audits of all our facilities and suppliers' facilities are conducted to ensure the safety and hygiene of our products and services. In-house microbiological laboratories constantly monitor food production processes and hygienic conditions of all equipment.

In the last quarter of the year, we undertook a major initiative of revamping the safety systems across our properties.

Taj West End, Vivanta by Taj-MG Road and Gateway hotels in Bangalore were selected for deployment of the new system on a pilot basis. As a part of the new system, we organized awareness sessions by subject experts at each hotel covering General Managers, Head of Departments, Managers and Supervisors. We revisited the initial risk assessment performed by the hotels on the basis of walk-through visits. The identified risk mitigation measures were classified as no-cost, low-cost and high-cost based on the requirement of effort and investment. As part of awareness generation, we created a safety newsletter, developed a system to discuss safer points arising in the previous day, added safety as a point in the departmental daily and shift briefings, developed and uploaded safety notice boards that are updated daily and introduced a safety pledge. We have provided special safety measures for lady associates with residential pick-up and drop facilities for those working on late shifts.

Training for security preparedness is a key imperative and a core team of security managers has been trained to mitigate security risks.

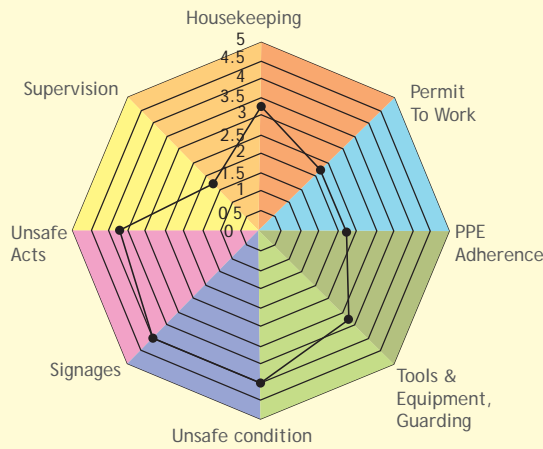
At every hotel, we also ensure regular training of associates in first aid, fire fighting and disaster management. Some of the essential topics covered include fire emergency and evacuation, guest floor patrolling, access control policy, first aid and care in emergency, safety measures during leakage and flooding, risk assessment and safety analysis, etc.

This year we conducted 348 evacuation drills; covered 15,265 associates under fire safety and first aid sessions and 12,208 associates under food safety and hygiene.

	Processes	Performance measures	Improvement approaches
Health	Pre-joining medical examination	100 percent pre-joining medical examination	Mandatory annual medical exam for food handlers; provision of a facility for complete medical examination
	Hazard Analysis and Critical Control Points/ISO 22000 certification	100 percent for food handlers; all test results to be within acceptable limits	Hazard analysis and critical control points; internal hygiene audits; ISO 22000; 'Safekey' audits; microbiological tests
	Health and hygiene training through the Taj acculturation process for managing excellence	100 percent coverage on grooming standards; health and hygiene training	
	Emergency preparedness includes arrangements with local hospitals / medical care facilities.	Applicable to all	Awareness sessions on potential disease threats like bird flu, SARS, and others
Safety	Nutritious and tasty meals	Employee satisfaction survey; Cafeteria committees meetings	Cafeteria committees' action points
	Design specification adherence to safety norms and standards; safety and security due diligence	100 percent adherence to statutory requirements; accident rate; health and safety committees with equal or more representation of supervisory/staff employees; health and safety committee meetings	Fire safety audits at hotels by internal and external experts; OHSAS 18000 certification at all hotels; 'Safekey' audits; Safety assessment of new and under construction properties; Health and safety committees' action plans
Security	Security manual developed and deployed; emergency fire safety team of associates to handle fire hazards in all shifts	100 percent deployment; adherence to crisis management manual	Usage of technology and innovation in hotels and offices in safety and security devices and systems
	First aid and fire safety training through the Taj acculturation process for managing excellence	100 percent coverage	Refresher training courses on first aid and fire safety

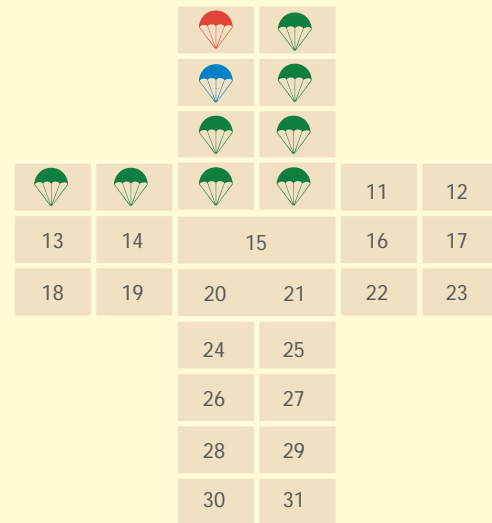


Tracking safety performances



Hotel Safety Index	Ratings
Housekeeping	3.25
Permit To Work	2.25
PPE Adherence	2.25
Tools & Equipment, Guarding	3.25
Unsafe condition	4.00
Signages	4.00
Unsafe Acts	3.75
Supervision	1.75

Monthly safety calendar



- Incident free day
- Near misses
- First aid cases
- Medical treatment cases
- Lost time incident

IHCL workplace safety

All hotels conduct regular safety audits through a team comprising the General Manager and associates from all departments. This team is called as the Safe Com team and every member is allotted an area to audit for the month. The audit is carried out by the member with help of the area departmental supervisor and the same audit is signed by the Head of Department. All the audit sheets are submitted to the Security Manager and a Safe Com meet is called for understanding and rectifying safety issues. The concerned HOD is informed regarding the safety points and being monitored by the chairperson for a completion report by the end of the month. Following are some of the good practices being followed at the hotels:

- Reading of safety manual (sharing of knowledge): One point from the manual is read at the end of the daily morning management meeting to cascade the information to all HODs.

- Safety tip of the day: One safety tip is circulated to all HODs and is taken up during briefings in all departments.
- Safety procedure card: Safety procedure cards are placed in the guest rooms to make them aware about the procedure to be followed in an event of any emergency.
- Emergency procedure card: All associates have been given an "Emergency Procedure Credo Card" that gives brief description on the procedure to be followed in an event of any emergency. The associates are expected to carry along these cards at work.

Most often, a guest is in the mood to relax and as a hospitality brand, IHCL understands that a guest can only unwind in an environment where safety is top-notch. And after several years of success it won't be wrong to say that guests have the highest confidence in our security systems.



Guest safety at Taj Coral Reef, Maldives

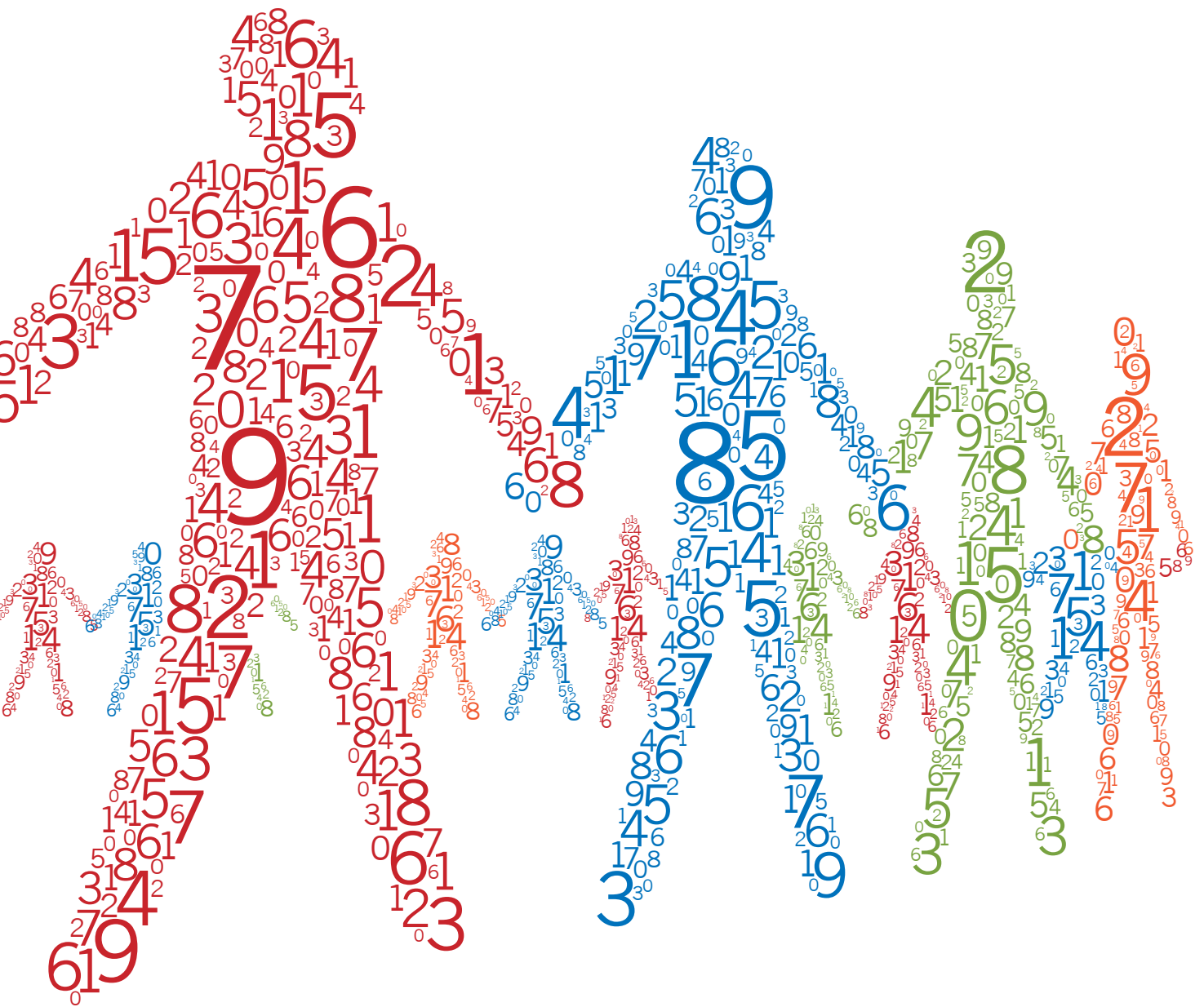
Guest safety is of a prime importance for Vivanta by Taj Coral Reef, Maldives and our team continuously maintains constant vigil at the guest areas to ensure seamless and comfortable guest stay.

Due to prevalent weather conditions and strong onshore winds, a unique sea creature called as “bluebottle” or “Portuguese man-of-war” is driven into the bays and onto beaches by tidal currents. This sea creature has the potential to cause harm to the guests on

the shore through its sting that causes severe pain, leaving whip-like red welts on the skin that normally last two or three days.

To tackle this problem, the team at the hotel keeps a constant check on the shores and engages in regular cleaning of the shore area. The security team briefs our associates and guests on a proactive basis to create awareness and eliminate sting incidents.

The Spirit Of The Company



The Spirit Of The Company

Shaping personalities, on the job and off it.

During the early twentieth century, a typical working day lasted from anywhere between 12 hours to 18 hours. Today, though some of us do burn the midnight oil, it is largely spent in air-conditioned, plush offices with a cup of piping hot coffee for company. But in those times even simple comforts like an electric fan were a rare luxury. Imagine spending 12 hours bent over a conveyor belt or near a furnace.

However, there was one place where employees were wearing pleasant smiles along with their dress codes to their workplace. In 1912, a Tata company introduced the first of its kind 8-hour shifts, much to the delight of its employees. The move ensured that the employees enjoyed a healthy and productive work-life balance.

Since then there have been a number of reforms designed especially for the overall well-being of the workforce. For example, at IHCL there is special emphasis on associate engagement, development and empowerment as it is central to creating a differentiating customer value and hence a competitive success factor. Our HR strategies and objectives are built around attracting, retaining and developing talent and are embedded in the company's business plans.

IHCL is one of 25 organizations in the world to win the Gallup Great Workplace Award in 2009-10 as well as in 2010-11 which recognizes organizations that best engage their employees.

Incidentally, IHCL is the only Tata organization and one of the only two Indian companies to win the award twice.

The very nature of this industry and the business calls for highly engaged employees. In a hotel, right from when a booking is made to the time the guest checks out and even beyond that all key guest interactions (moments of truth) are with hotel associates. While various hotel chains offer high quality products, the success of the chain is determined by service excellence, warmth and the art of hospitality that is extended to a guest. Therefore consistent delivery of service depends on highly talented employees, who need to be continuously engaged and energized.

IHCL gives importance to having an engaged workforce through its "Vision" statement, "Values" and "People Philosophy" which translate into action through the HR and Learning & Development strategies. The focus on employee engagement is thereby also driven by the core values that are part of the Taj leadership and management system which include a passion for excellence, exceeding customer expectations, experiencing joy at the workplace and providing that personal touch. One of the key aspects of our strategy and Balanced Score Card is high levels of employee engagement. We regularly conduct employee engagement survey in collaboration with Gallup. Since 1999, we have successfully conducted nine ESS surveys. The overall score across the three segments - Executives, Staff and Full Time Contractual (FTC) - has increased from 3.25 in the previous year to 4.31 in this year.



HR Vision:

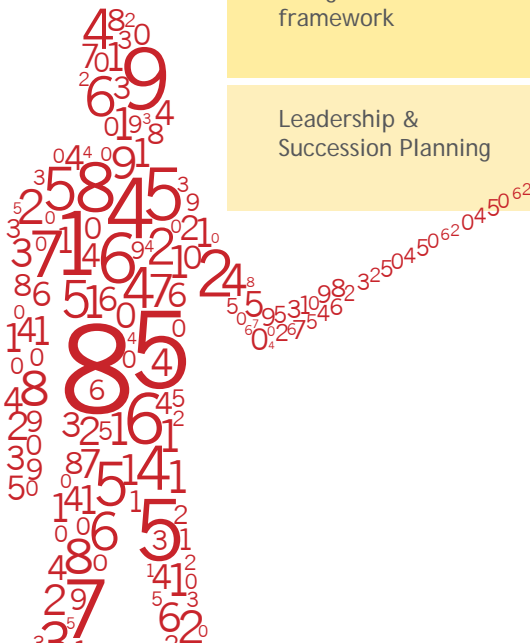
Be a proactive business partner in building a culture of competence, diversity and performance and creating a climate for talent to seek and pursue rewarding careers to deliver a sustainable competitive advantage.

HR Priorities:

1. Lead workforce planning & business transformation
2. Drive People & Leadership Development
3. Increased Associate Engagement
4. Sustain High performance work environment

IHCL's Human Resources plan

HR Value Chain	HR Plans
Strategic workforce plan & rationalization of workforce deployment	Strategic workforce plan, addressing staffing requirements. Rationalize workforce deployment/manning standards with appropriate span of control & reporting levels .
Strategic sourcing, recruitment & induction	Establish campus relationship program for sourcing & hiring high-end talent at all levels. Create a talent bench in niche skill/critical in areas of high attrition. Establish and manage regional training centres for competency/skills' enhancement at operational levels.
Employment Engagement & development of a conducive work environment	Establish an HR help-desk. Maintain strength in associate engagement. Hotel up-gradation as per contemporary standards.
Contemporary compensation architecture aligned to role & responsibility	Develop job-family architecture with detailed guidelines, role/responsibility/authority levels and compensation range.
Talent Management, acquisition & retention/rewards & recognition/career framework	Develop a comprehensive career frame work for career planning for all levels of associates. Define and Implement a retention strategy for critical talent, including unique Reward and Recognition approaches. Cross-exposure training & learning mission.
Leadership & Succession Planning	Implement an effective enterprise level HR IT.



There are various factors that lead to a highly engaged workforce. Some of the key aspects of this engagement are as follows:

- Constant learning and development both on functional aspects of the job, team work, soft skills, leadership skills, cross functional exposures and societal responsibilities.
- A clearly defined performance management system.
- Differentiated reward and recognition for high performance and excellent customer delivery.
- Excellent associate-customer engagement programs.
- Clear career paths to grow in the company with fast track promotions for high performers.
- A conducive and encouraging work environment
- Excellent facilities like vibrant cafeterias, comfortable locker and restrooms, medical facilities, etc.
- Excellent welfare activities

At IHCL, there are focused interventions aimed at developing leadership and holistic personality growth such as *the EL - Taj (Emerging Leaders - Taj) program* which is a talent appreciation program that engages managers from various levels in a set of structured exercises aimed at recognising and developing their competencies. The EL - Taj program also facilitates superior subordinate relationships with a view to improve overall leadership skills of managers through focussed developmental initiatives and feedback. *A 360 degree feedback survey at appropriate seniority levels* is also conducted every two years with a view to generate discussion and provide specific feedback to managers on their leadership style and effectiveness. The discussion culminates in designing a developmental plan with specific interventions to improve and enhance managerial competence. We strive to improve employee engagement levels consistently by preparing the leadership of today as well as tomorrow to develop, lead and maintain a highly engaged workforce through focused development interventions.

Employee benefits:

In 1920, Tata's employees were the first to take a leave without worrying about a salary cut, thanks to the introduction of leave-with-pay, a practice that became legally binding upon employers in India only in 1945. For the first time the

concept of employee benefits was established. Today, employee benefits are a mandate for all the employers and ranges from provident funds, training programmes to health securities.

Some of IHCL's benefits:	
Defined contribution schemes	Employee benefits arising out of contributions include Provident fund, Superannuation, Social security, etc.
Gratuity	Separate funded and unfunded schemes for gratuity benefits. In respect of funded schemes, annual contributions are made to funds administered by the trustees for amounts notified by the funds.
Post-retirement benefits	Post-retirement pension scheme, wherever applicable, is actuarially determined based on the projected unit credit method.
Other employee benefits	Long service awards, Leave travel allowance, Educational allowance, Loans at subsidized rates.










IHCL- Gender diversity



 Female- 3,810, 15%
 Male- 21,462, 85%

IHCL- Brandwise associate breakup



 Corporate - 774, 3%
 Luxury (India) - 8,787, 35%
 Luxury (Intl) - 1,506, 6%
 Vivanta by Taj - 8,077, 32%
 Gateway - 2,880, 11%
 Ginger - 270, 1%
 TajSATS - 2,978, 12%

IHCL- Gradewise associate breakup



 Executives - 4,302, 17%
 Supervisors & Staff - 9,397, 37%
 Fixed term Contract - 4,500, 18%
 Apprentice, Trainees, etc - 7,073, 28%

Attrition	Category	2007-08	2008-09	2009-10
	Staff	21%	19%	14%
	Executives	24%	18%	16%

IHCL is well below the industry average attrition rate across all brands

Learning and development needs

Learning and development needs at IHCL are identified through two approaches:

- A collaborative exercise to capture business-driven training needs at an organization level.
- Training needs identification process to capture learning / development needs of individuals.

Associates discuss training inputs with their supervisors and learning and development managers. Nominations for training programs as well as individual development plans facilitated by external coaches are confirmed, based on the training needs identified.

Knowledge from departing associates

A shadowing process and the handover process helps ensure that knowledge is transferred from departing associates during their 'notice' period. Associates in critical positions or associates with critical skills / competencies conduct training sessions during their tenure with the company and also complete the Enterprise Process Model requirements. This mitigates the possible loss of skills' knowledge in the event of a sudden separation. Informal methods of sharing learning include pairing new associates with more experienced ones who serve as coaches / mentors and ensure transfer of tacit knowledge assets / real life work experiences.

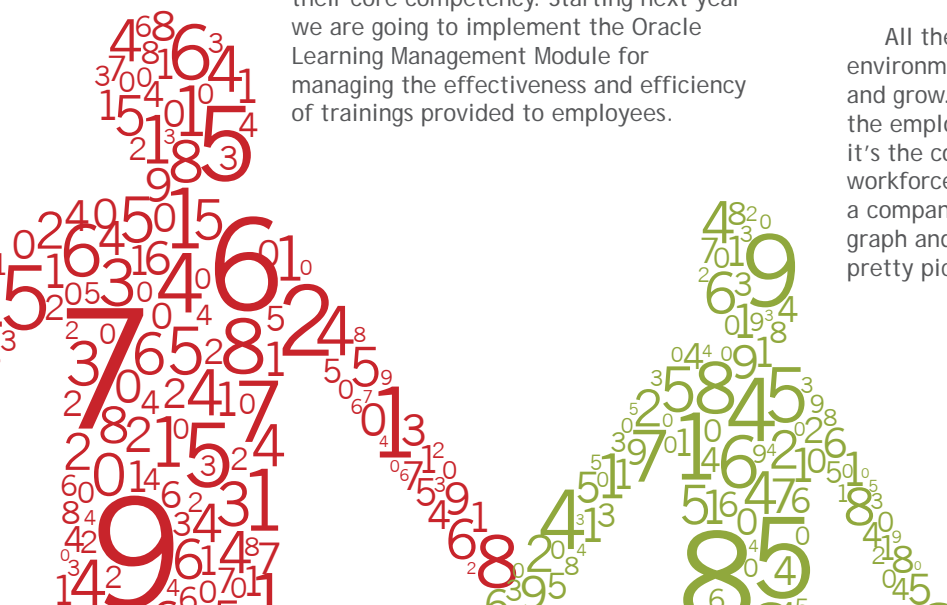
Effectiveness and efficiency evaluation

IHCL uses a 4-step approach to evaluate effectiveness of its workforce, leadership development and learning systems. Happy sheets and participant feedback forms are used to capture reaction feedback immediately post training sessions. Key performance indicators measure the impact of training on processes and transfer of learning to the workplace. Since most training delivery is on-the-job and associates learn in a real life environment, the importance of mentors at the workplace is vital to enhancing their core competency. Starting next year we are going to implement the Oracle Learning Management Module for managing the effectiveness and efficiency of trainings provided to employees.

Reinforcement of new knowledge and skills

The departmental trainer process reinforces new knowledge and skills learnt as the associate applies them on the job. The internal trainer who serves as a coach/mentor is available to answer questions, provide guidance, nurture and enable new recruits to adapt to organization culture. This ensures quick assimilation of expected performance standards and the new recruits' readiness to deliver the same.

All these efforts create a positive environment for the employees to work and grow. It maintains a synergy between the employee and the employer. After all, it's the collective efforts of an engaged workforce that shapes the success of a company. No wonder, IHCL's success graph and workforce, both paint a pretty picture.



Special Thanks And Recognition System (S.T.A.R.S)

Special Thanks And Recognition System (popularly known as S.T.A.R.S.) is a tool to recognize and reward acts of excellence. This eventually leads to enhanced employee morale and an improved work environment. S.T.A.R.S. was the first standardized group-wide employee recognition programme and was the first-of-its-kind in the Indian hospitality industry. The programme uses a web-based platform that ensures ease of access, uniform implementation and real time monitoring of the programme. S.T.A.R.S. is considered to be the first step towards building a culture of customer delight through recognition of the commitment and contribution of our employees. The success of the S.T.A.R.S program has been highlighted by the fact that it has touched more than 12,000 employees across the Taj in India and abroad.

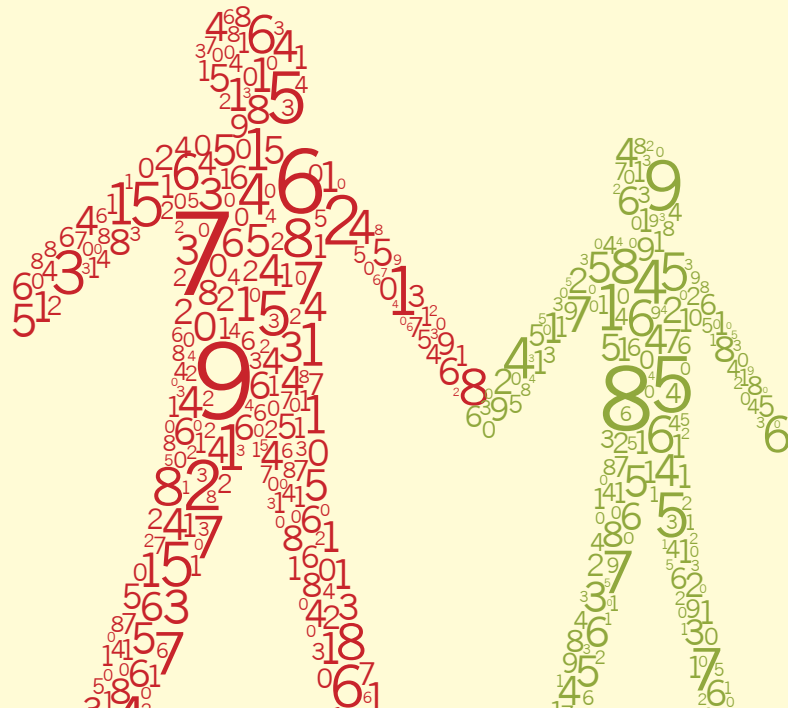
Year of the Associate Plus (YOA+)

After the success of the award winning Year of the Associate (YOA) program which resulted in enhanced levels of engagement amongst IHCL's associates, a need to take the engagement to an even higher level was felt which resulted in the emergence of Year of Associate Plus (YOA+). The crux of YOA+ was to ensure a higher level of engagement and thus align the employees to IHCL's larger goals.

YOA+ is a set of initiatives aimed at enhancing the quality of employees' lives - at work and beyond. It comprises initiatives that are focused more on long-term outcomes that directly impact our associates like the education of their children, becoming computer literate, etc. Although the engagement level of Taj employees was at an internationally benchmarked level of employee engagement, it was important to maintain the same and take it up a notch higher. The institutionalised employee satisfaction survey administered by Gallup was a source of factors which would have to be focussed by the initiatives of YOA+.

Bravo Billboard

In keeping with Taj Values of exceeding expectations and promoting joy at work, we created the Bravo Billboard to act as a means of employee recognition across all hotels. The idea is to have a direct, tangible impact on associate's morale through a simple, transparent recognition system that would be widely publicized across the hotel and enterprise. At Taj, we are constantly looking for innovation and excellence from our employees - by applauding and sharing instances where associates have excelled, we hope to embrace the very differences that culminate in these new ideas / service standards / guest experiences. Additionally, it also puts forth a means of clearly identifying those behaviours that are deemed worthy of recognition. The Bravo Billboard also acts as a knowledge sharing medium and is often used as a portal through which innovative ideas that amplify customers' delight are shared across all hotels.



The Special Program for Employee Education and Development Plus (SPEED+)

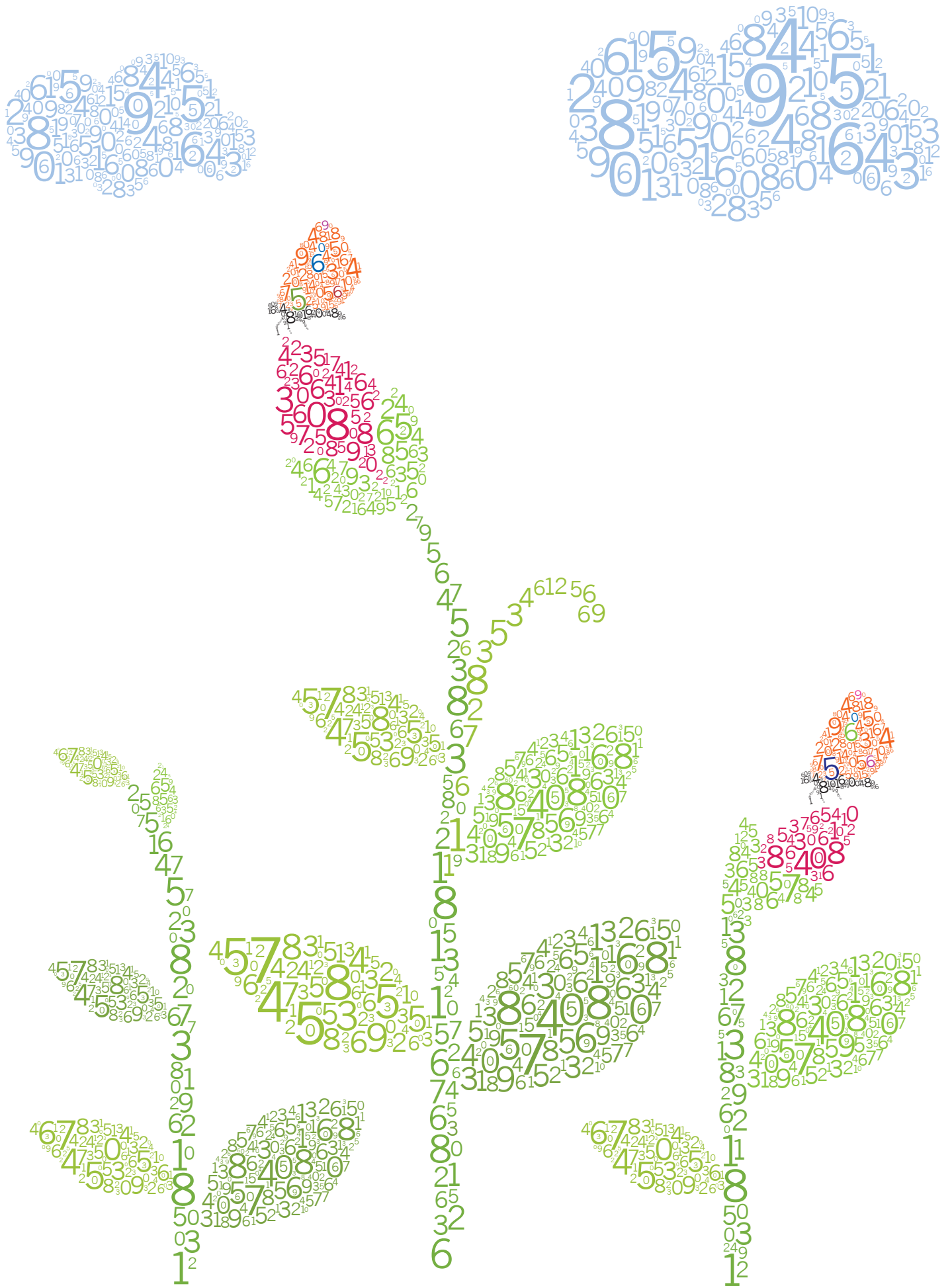
The Special Program for Employee Education and Development Plus (SPEED+) is an initiative that was launched as an extension of the SPEED to accelerate career growth for high performing Executives. It aims to provide high quality training inputs to selected candidates to increase their knowledge skills and abilities so that they can move to roles of higher responsibility at the next level in their function. Speed+ has been developed to meet the career aspirations of front-line associates in Executive grade.

MiUniversity

To enhance our ability to rapidly disseminate and translate knowledge into action, at IHCL we have initiated a new e-learning portal that gives associates across geographies access to a world of learning opportunities. Aptly titled MiUniversity, this portal is a powerful system that combines technology with pedagogy to provide associates with more than 300 courses ranging from operational to managerial areas from universities like Harvard and Cornell along with the American Hotel & Lodging Educational Institute. Each course has been carefully hand-picked to address certain leadership competencies and present a transformational learning experience. Currently more than 6,000 associates are a part of the active user base at MiUniversity.



The Green Effort



The Green Effort

In tune with nature.

If you take a stroll on any beach, chances are you will come across plastic water bottles scattered all around. It's not just an unpleasant sight but it's an environmental hazard as plastic takes thousands of years to decompose. So to prevent pollution caused by these bottles, our hotels in Maldives have installed a unique distillation and bottling plant that converts sea water into potable water. This water is bottled in attractive custom-made glass bottles for guest consumption. This initiative has helped reduce the hotel's dependency on packaged drinking water and also reduce the garbage generation at the hotels. In this year, we were able to reduce consumption of 53,248 plastic bottles which would have otherwise been disposed as garbage. This is just one of the numerous initiatives undertaken by IHCL to preserve the environment. Read on to know more.

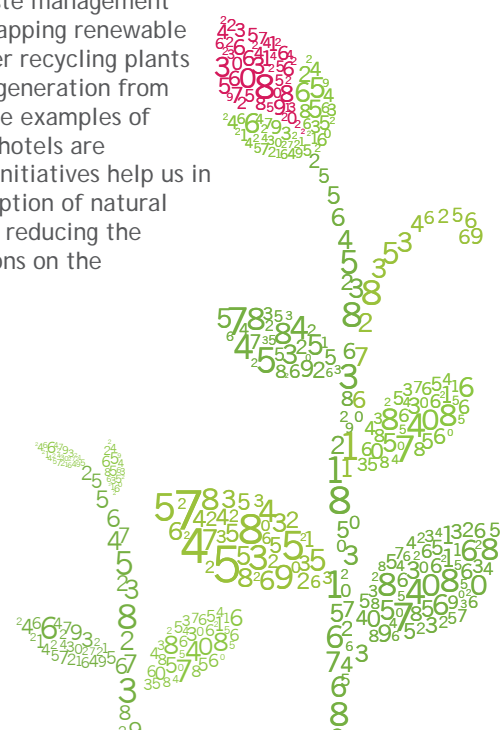
EARTH - Environment Awareness and Renewal at Taj Hotels is the cornerstone from where the company-wide movement of environment management initiates. It is a co-ordinated effort from IHCL to protect, conserve and restore the natural environment. It evolves from understanding each location's impact on the environment to adopting appropriate steps for protecting and conserving it. For us, EARTH is a movement that has integrated our operations and product design and development to help us function in tandem with the environment.

We strive to better our environmental performance and reduce the impact of our operations through adoption of environmental management systems and certifications. To benchmark our sustainability performance with the global best, we have initiated EarthCheck™ certification of our hotels, which is a globally recognized certification for environmental excellence in the hospitality and tourism industry. The certification is a result of extensive

assessments and audits on key performance parameters like energy, water and waste management, chemical and pesticide use and management of social and cultural issues. All our Luxury, Vivanta and Gateway hotels have been included in the EarthCheck™ certification process, as was committed in the previous year's plan. 40 hotels have achieved silver certification and the balance are bronze certified.

Certifications	Hotels
EarthCheck™ - Bronze	28
EarthCheck™ - Silver	40
ISO 14001	23
ISO 22000	40
OHSAS 18001	14

At IHCL, environment management has been looked upon as a strategic differentiator. This is one of the reasons why we have started work on developing and deploying an environmental excellence strategy across all business operations. As a starting point, we aim to develop green infrastructure for all upcoming projects, in line with internationally accepted guidelines / certifications. For existing hotels, technological upgrades in the area of energy, water and waste management have been initiated. Tapping renewable energy, installing water recycling plants and setting up biogas generation from organic waste are some examples of projects that existing hotels are implementing. These initiatives help us in bringing down consumption of natural resources and thereby reducing the impact of our operations on the environment.



This year the total environmental investment amounted to ₹95.81 million as compared to ₹75.50 million in the previous year, which include activities related to treatment and disposal of waste, maintenance of pollution control equipments, external services and certifications for environmental management, general environmental management activities, installation of cleaner technologies, amongst others.

Material and waste management

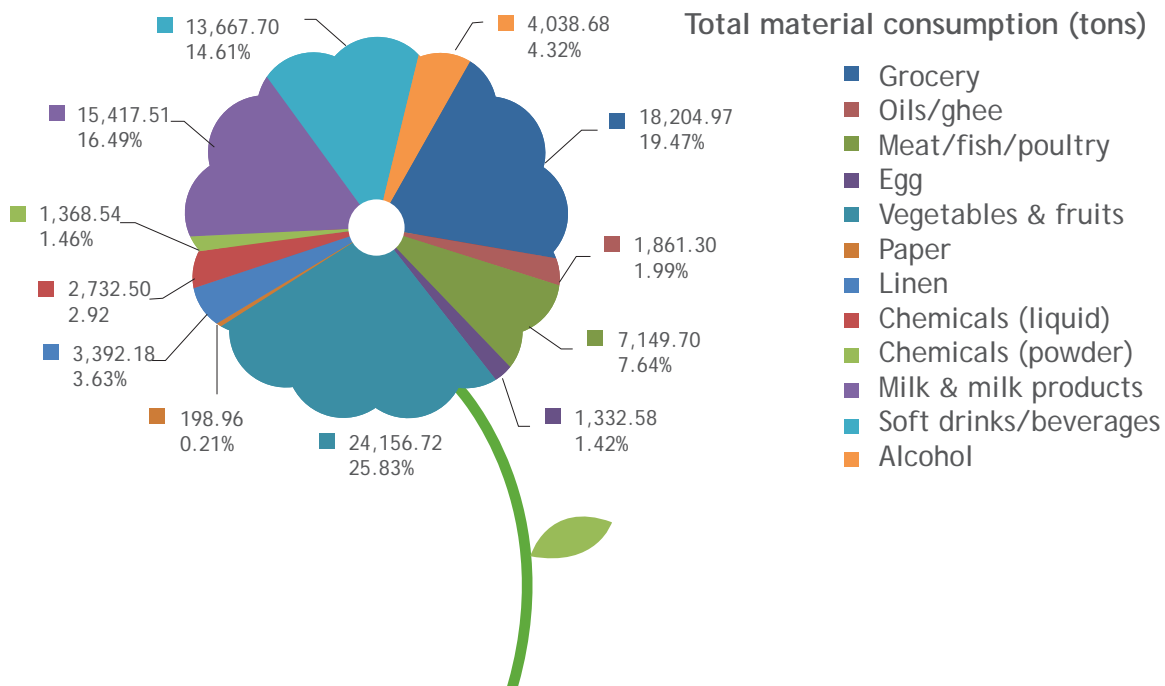
The hospitality business involves usage of perishable products like grocery, meat, fish, poultry, vegetables, fruits, milk and milk products, to a large extent. This year, more than 72 percent of the total material consumption at IHCL is attributed to these perishable products. Such products have a low-shelf life and hence have to be stored at optimum levels in order to reduce wastage. Apart from these items, we also consume a wide variety of beverages and alcohol. Housekeeping activities involve usage of solid and liquid chemicals. We realize the potential environmental impacts of our material footprint and have deployed initiatives to measure, monitor and optimize consumption. We consciously use eco-friendly chemicals for all housekeeping activities and always look for avenues to reduce our material footprint. We proactively engage with our suppliers in order to promote sustainable business practices. We have been able to minimize plastic packaging material used in products supplied to us by our key

suppliers. Our material footprint for this year is as follows:

As evident from the material footprint, majority of the waste generated across our operations is organic in nature.

Accordingly, we have adopted measures to reduce the generation and enhance the recyclability and reusability of such waste. This year, we generated 17,749 tons of kitchen waste which is about 26 percent of consumption of perishable goods, which is about 1.60 percent more than the previous year. *However, we could compost more than 16 percent of the kitchen waste, up from about 6 percent in the previous year.*

The major contributors to our waste footprint include horticultural waste, waste paper, newspaper and magazines, bottles, containers, metal scrap, electrical and electronic waste, burnt oil, used lube oil, batteries and debris generated during hotel renovation. Depending upon the category of waste, we use appropriate methods to ensure its safe disposal. Almost 8 percent of metallic scrap is reused while the rest is sold as scrap along with glass and plastic waste. Both burnt oil and used lube oil are sold to authorised recyclers. Almost 22 percent of horticultural waste is composted while the rest is disposed as garbage. Electrical waste like fused bulbs, tubes, switches, kitchen appliances and electronic waste like computer parts and television parts are disposed in an environmentally safe manner through authorised e-waste recyclers. We have also subscribed to HP's Planet Partners scheme for recycling used printer and toner cartridges.



IHCL's War on Waste

Across IHCL, we have continued to drive our successful waste management program - War on Waste (WoW). The objectives of this program are to identify and eliminate 'wasteful expenditure' in the system using 'low or no-cost' methodologies; to provide avenues for empowering the workforce to contribute to organizational improvement; to build 'team spirit' and unlock hidden talent within associates; to set an improvement mindset across hotels; and to develop an attitude of introspection for addressing key areas of concern. Some of the achievements under this program include reduction and disposal of non-moving goods in liquor and engineering stores; reduction in consumption of heat, light and power; restoration of plant and machinery in hotels to optimum performance levels; optimization of linen par stock and amenity holding in housekeeping stores; reduction of crockery, cutlery, glassware inventory holding and breakage; and reduction of excess inventory holding in provisions, butchery and stationery.



This year, we could achieve a saving of ₹92.20 million, a 34.80 percent increase over the previous year.

Lagoon cleaning at Vivanta by Taj Coral Reef, Maldives

Maldives is famous for its beautiful turquoise sea, bright sun and white sand and many tourists from all over the world fall for the charm of this natural wonder. Hence, it is essential to keep a clean sea and lagoon area to preserve the marine living resources the natural beauty of the region.

Our associates regularly plan lagoon cleaning activities. The garbage collected from the area includes plastic bottles, bags, containers, cans, pipes and wires. In this year, more than 100 kilograms of waste was removed from the area and disposed off in a safe manner.



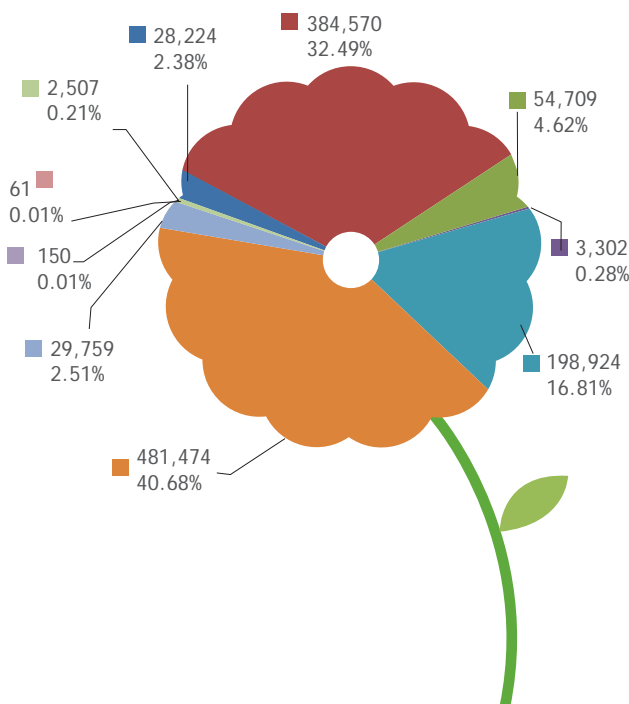
Energy management and climate change

Energy management is one of the prime areas of concern at IHCL and we are striving hard to reduce our energy footprint. We are addressing the challenge of energy management through awareness, optimization of energy intensive equipment, investment into renewable energy and installation of energy efficient equipment. We use renewable and non-renewable energy from both direct and indirect energy sources. Diesel, Petrol, Liquefied Petroleum Gas, Piped Natural Gas, Fuel Oil, Light Diesel Oil and Charcoal are the main sources of non-renewable direct energy, while solar, biogas and biomass are the main sources of renewable energy. Grid electricity is the main source of indirect non-renewable energy, while Agro power and Hydrogrid power are main sources of renewable indirect energy for us. Overall, about 45 percent of energy requirement is met through direct energy sources while remaining 55 percent is sourced from indirect energy sources.

Over 3 percent of total energy requirement is met through renewable energy sources.

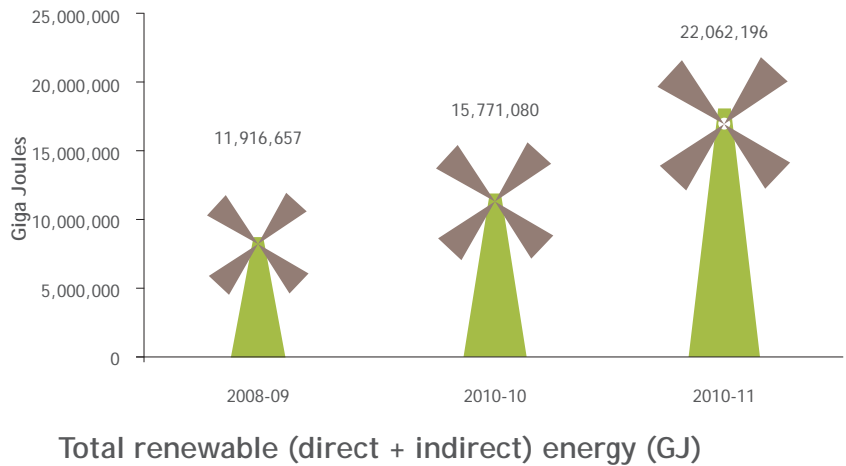
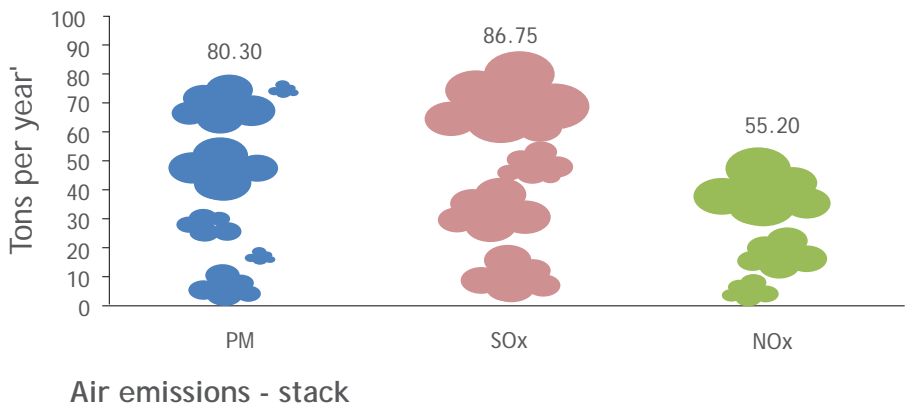
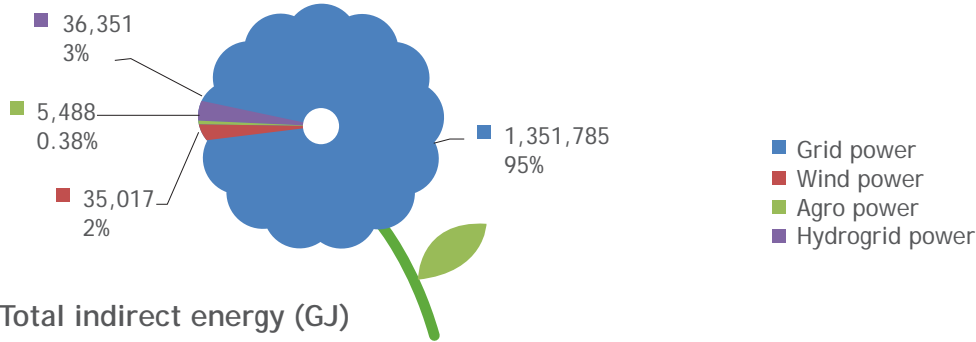
Across hotels, we have adopted several energy conservation measures. These measures have yielded good results and have helped us to reduce 38,648 gigajoules of energy, which is equivalent to 7,017 tons of GHG emissions. Some of these measures include installation of capacitor banks, CFLs, T5 and T9 tubelights, LEDs, motion sensors; optimization of pumps, chiller temperatures, HVAC plants; and several training and awareness sessions on energy conservation.

At the Group level, Tatas have acknowledged Climate Change as one of the biggest risks and challenges to business. IHCL is a part of the Steering Committee on Climate Change formed by Tata Quality Management Services to focus on measuring and mitigating the climate change impact of Tata Group companies. Till last year our energy and GHG calculations were based on EarthCheck™ parameters, however as a part of the Group Climate Change policy, from this year we have based our calculations on the Tata Group's internal guidelines that are based on the Inter-governmental Panel on Climate Change (IPCC) fundamentals. The following graphs give details on IHCL's energy and GHG footprint for this year:



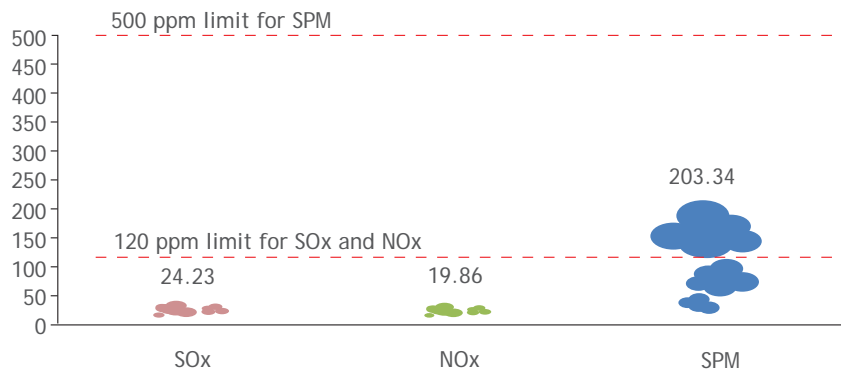
Total direct energy (GJ)

- Petrol
- HSD
- FO
- LDO
- LPG
- Piped natural gas
- Charcoal
- Biogas
- Solar
- Biomass

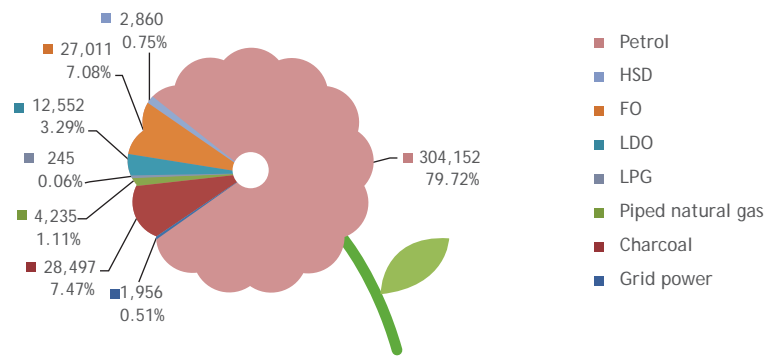


Apart from GHG emissions, we also track consumption of ozone depleting substances (ODS); particulate matter (PM), oxides of sulphur (SOx) and oxides of nitrogen (NOx) from stacks and suspended particulate matter (SPM). ODS are primarily used in our hotels for air conditioning and refrigeration. *This year we could reduce ODS consumption by over 39 percent from 1.93 to*

1.17 tons of CFC-11 equivalent, as compared to last year. We acknowledge the adverse impact of such substances and are in the process of phasing out these ODS from our hotels. We continually engage with external agencies to measure air emissions such as SPM, SOx and NOx at our hotels, which are well below the permissible emission levels prescribed for all our operations.



Air emissions - ambient



Total GHG emissions (tons of CO₂e)

Renewable energy consumption at IHCL

Our long-term goal is to systematically increase the share of renewables in our energy portfolio. Towards this end, we have made progress in tapping such sources of energy across some of our hotels. Gateway, Calicut and Vivanta by Taj, Kovalam have their own biogas plants, where a major part of this fuel is used for cooking purposes. Gateway hotel at Vishakhapatnam procures biogas from an external agency. Some of our hotels like Taj Palace Delhi, Hari Mahal Jodhpur and Gateway, Surat have installed solar water heaters. The solar water heater at Gateway Surat has been able to tap almost 0.25 million units of solar energy this year. In addition, the hotel has also fitted two chillers with heat recovery unit. All 24 Ginger hotels use solar energy to heat water. Additionally, five Ginger hotels at Bhubaneswar, Haridwar, Nashik, Pimpri and Wakad have installed solar water boilers.



Hot water solar system

Hotels using solar energy at IHCL:

- 51 Buckingham Palace, London
- All Ginger hotels
- Gateway, Khajuraho
- Gateway, Nashik
- Gateway, Surat
- Gateway, Varanasi
- Gateway, Vishakhapatnam
- Rambagh Palace, Jaipur

Taj Campton Place, San Francisco
Taj Lake Palace, Udaipur
Taj Mahal, New Delhi
Vivanta by Taj, Malabar, Cochin
Taj Club House, Chennai
Taj Palace, New Delhi
Taj West End, Bangalore
Vivanta by Taj, Ambassador, New Delhi
Vivanta by Taj, Whitefield, Bangalore
Vivanta by Taj, Hari Mahal, Jodhpur

Improved smokeless chulha by Mahua Kothi, Taj Safaris

The rural population in India relies heavily on firewood as a source of energy. This firewood is largely sourced from forest areas. Unethical practices of sourcing such firewood results in degradation of flora and fauna. Rampant sourcing of fuel wood from forest areas is also a major cause of human - animal conflict in the forest areas.

At Bandhavgadh Tiger Reserve, about 57 villages are within the core area - a one kilometre radius from the National Park. On an average, there are 40 to 50 households in each village. According to a survey, on an average, one family consumes around 8 to 10 kilograms of fuel wood every day,

resulting in an overall consumption of about 43,740 kilograms of firewood. The traditional chulha (stove) consumes more firewood on account of incomplete combustion that also results in to generation of smoke. Further, absence of an exhaust system in the house results into inhalation of harmful smoke by the household members.

To address these issues we work with the local communities to help them replace the traditional chulha with an improvised smokeless chulha. The new improvised version has been designed in a manner to use local resources and for ease of installation at local level. This model has several eco-friendly features that include two burners, hand blower pump and a provision for venting the smoke through the rooftop. This efficient chulha has helped to consumption around 40 to 45 percent of fuel wood.

IHCL's support to the Earth hour

IHCL continues to support the cause of global warming by contributing to the Earth Hour by switching off the facade, lobby and restaurant lights across all hotels.

Water management

Water is another key natural resource widely used across our hotels. We continually strive to conserve water and improve the efficiency of water utilization across hotels. Water is drawn from multiple sources across locations including rivers, lakes, sea, tankers, municipality supply, harvested rain water and ground reserves. Ground water, tanker and municipality supply together meet about 97 percent of our total water requirement. We have installed desalination plants in hotels that are close to coastal areas for utilizing the sea water. Many of our hotels harvest and utilize rain water. Both these initiatives have helped us in reducing our demand from fresh water sources and currently constitute 2.6% of our total water withdrawal.

We also encourage recycling and reuse of water across hotels. *This year, we could recycle or reuse around 1.69 million kilolitres of water, which is about 25 percent of the total water withdrawal. This year, we were able to reduce the effluent discharge outside hotel boundaries to 2.40 million kilolitres - a 12 percent reduction over last year.*

This year, 35 percent of our Gateway, Luxury and Vivanta by Taj hotels have reused treated effluent for horticulture and recycled process water to achieve zero water discharge.

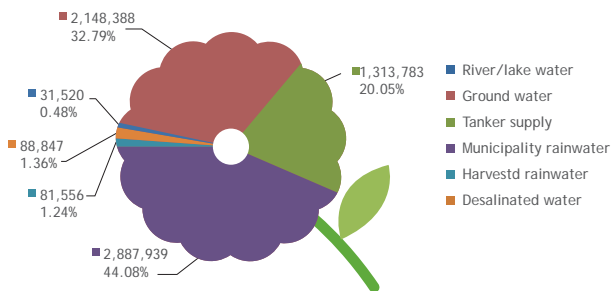
Zero water discharge hotels at IHCL:

Gateway, Agra
 Gateway, Chikmagalur
 Gateway, Coonoor
 Gateway, Jaisalmer
 Gateway, Jodhpur
 Gateway, Khajuraho
 Gateway, Madurai
 Gateway, Nashik
 Gateway, Vadodara
 Gateway, Varanasi
 Gateway, Vijaywada
 Gateway, Visakhapatnam
 Rambagh Palace, Jaipur
 Taj Bengal, Kolkata
 Taj Chandigarh
 Taj Lands End, Mumbai
 Taj Residency, Aurangabad
 Umaid Bhawan Palace, Jodhpur
 Taj Wellington Mews, Mumbai
 Taj West End, Bangalore
 Vivanta by Taj, Bentota Sri Lanka

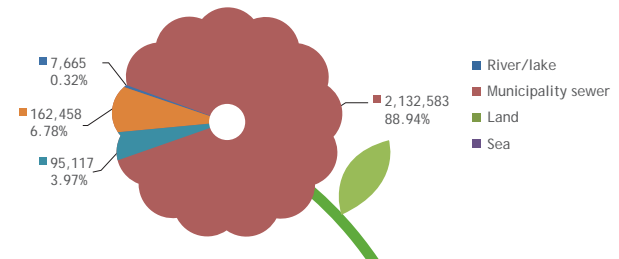
Vivanta by Taj, Coral Reef, Maldives
 Vivanta by Taj, Fisherman's Cove, Chennai
 Vivanta by Taj, Fort Aguada, Goa
 Vivanta by Taj, Hari Mahal, Jodhpur
 Vivanta by Taj, Gomti Nagar, Lucknow
 Vivanta by Taj, Sawai Madhopur Lodge
 Vivanta by Taj, Usha Kiran Palace, Gwalior
 Vivanta by Taj, Whitefield, Bangalore

Rain water harvesting at IHCL:

Gateway, Coonoor
 Gateway, Ernakulam
 Gateway, Khajuraho
 Gateway, Madurai
 Gateway, Mangalore
 Gateway, Vadodara
 Gateway, Varanasi
 St. James Court, London
 Taj Lands End, Mumbai
 Taj Mahal, New Delhi
 Vivanta by Taj, Ambassador, New Delhi
 Vivanta by Taj, Fisherman's Cove, Chennai
 Vivanta by Taj, Gomti Nagar, Lucknow
 Vivanta by Taj, Malabar, Cochin



Total water withdrawal by source (kilolitres)



Total water discharge by destination (kilolitres)

Water bottling plant at Vivanta by Taj Coral Reef, Maldives

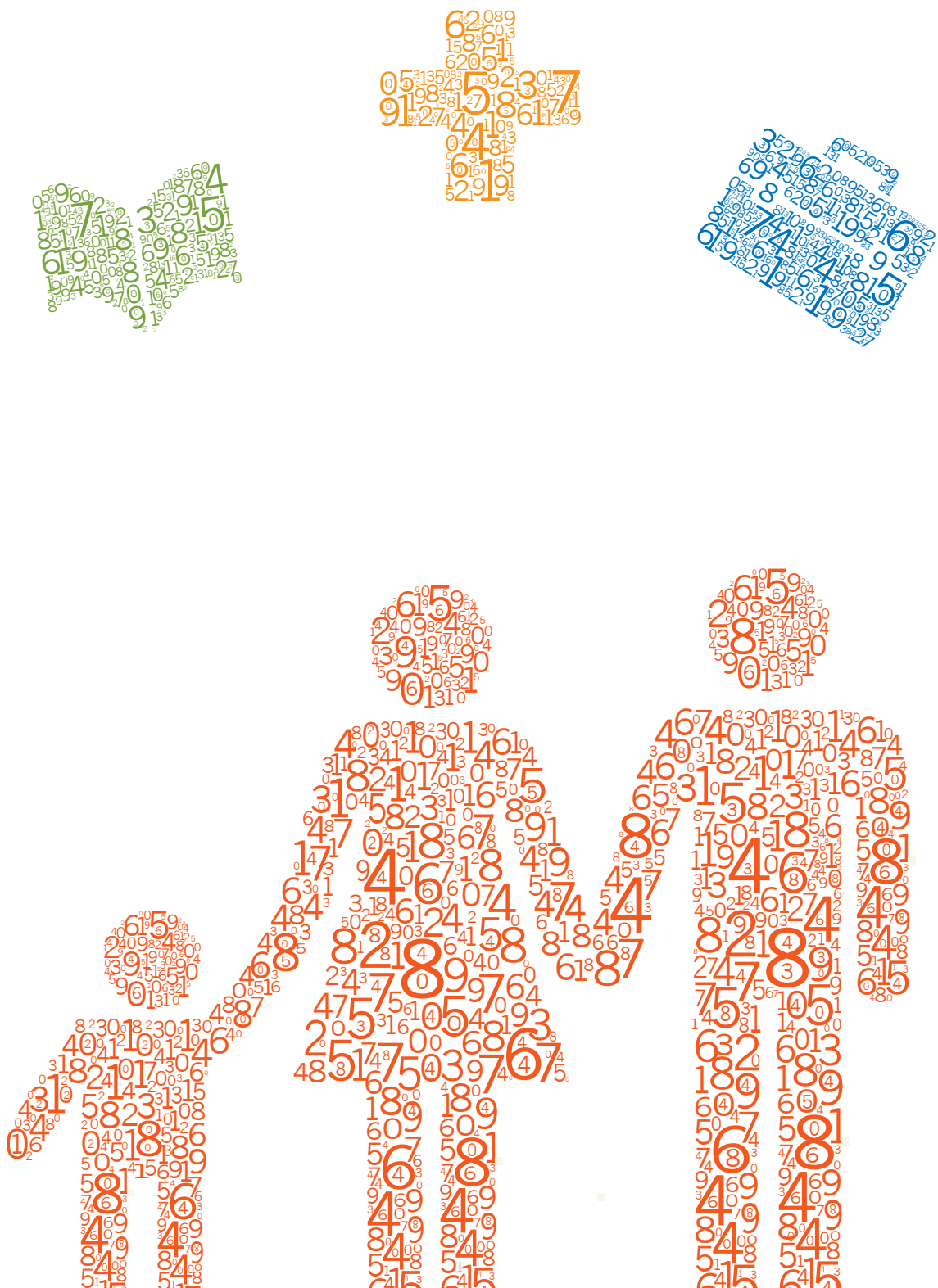
Vivanta by Taj, Coral Reef - Maldives has installed a unique distillation and bottling plant that converts sea water into potable water. This water is bottled in attractive custom-made glass bottles for guest consumption. This initiative has helped reduce the hotel dependency on packaged drinking water and also reduce plastic bottled water leading to a reduction in garbage generation by the hotel. In this year, we could save around 53,248 plastic bottles which would have otherwise been disposed as garbage.

Water conservation at Taj Exotica, Sri Lanka

A unique water conservation initiative was planned and executed at the hotel to reduce its dependency on purchased water. After several deliberations and trials, the accumulated rain water in the car park area was diverted to a sump in the garden to help recharge ground water. Further, the waste water generated from the reverse osmosis plant within the hotel premises was also discharged into the sump. This initiative led to an increase in the ground water levels, leading to water generation from an old dry tube well in the hotel premises. With this project the hotel's dependency on purchased water was completely eliminated. The total investment for this project was ₹65,600 with a payback period of around five days.



Creating Shared Value



Creating Shared Value

Building sustainable livelihoods

If you wend your way through the narrow by-lanes of Chennai's fishing hub in Kasimedu, you could well miss the place you've come looking for: a garage-like space which goes by the name 'Thenkumari'. Inside, two women are rattling off orders to a man who is expertly slicing a large cod into fillets while another slides it into a polythene bag and seals it. A woman in a corner is taking stock of the inventory, jotting figures in a notebook, while another carefully watches over the men, ensuring that each fillet is sliced precisely. What you're witnessing is not a form of feminism, or gender equations at play, but a self-help group busy in its business activity.

The Taj spirit of giving back to the community is a legacy that is being carried forward from the time of our founder Jamsetji Tata, who believed that communities will be truly empowered when companies work together with them to enhance their potential and self-reliance.

We believe that we are intrinsically linked to the societies in which we operate. The Taj Hotels, Resorts and Palaces, a Tata Group company, upholds the Tata way of business with trust, transparency and commitment to human values. The Tata Group consists of more than 90 companies operating in 7 different business sectors, employing more than 350,000 employees across its various areas of operations.

One of the attributes, common to every Tata enterprise, is the time, effort and resources each company devotes to the wide spectrum of initiatives that come under the canopy of community development. The Tata tradition in community development has, since the earliest days of the group's history, been defined by its core values. The Tata culture is the fulcrum of our overall corporate sustainability matrix — inclusive of working for the benefit of the

communities in which we operate, of building India's capabilities in science and technology, of supporting art, culture and sports through pioneering premier institutions — springs from an ingrained sense of giving back to society.

The money numbers are staggering: by a rough estimate the Tata group as a whole, through its trusts and its companies, spends about 30 per cent of its profits after tax (PAT) on social-upliftment programmes.

Being a part of the service industry, Taj has the unique scope and opportunity to develop raw, potential candidates into skilled workforce that are employable by the hospitality industry, given the fact that hotels and restaurants form a point of convergence of staff from various social-economic and educational backgrounds. We make a conscious endeavor to align and integrate our efforts to address contemporary societal needs and challenges around areas of our operations.

A majority of our community projects are focused around our brand strengths and core

competencies in food production, kitchen management, housekeeping, customer service, wellness and spas. By adapting and extending some of these strengths, we work alongside relevant state systems and like-minded developmental agencies/voluntary organizations towards evolving realistic and sustainable solutions for national challenges like malnutrition, unemployment and gaps in vocational training and education. Our association with the rich heritage and culture of India enables us to provide a platform to showcase indigenous art, crafts and culture to the world, while encouraging the artisans who keep these traditions alive!

Approach:

Our approach towards social responsibility has evolved from the Tata Corporate Sustainability Charter and our core business strengths.

We work towards:

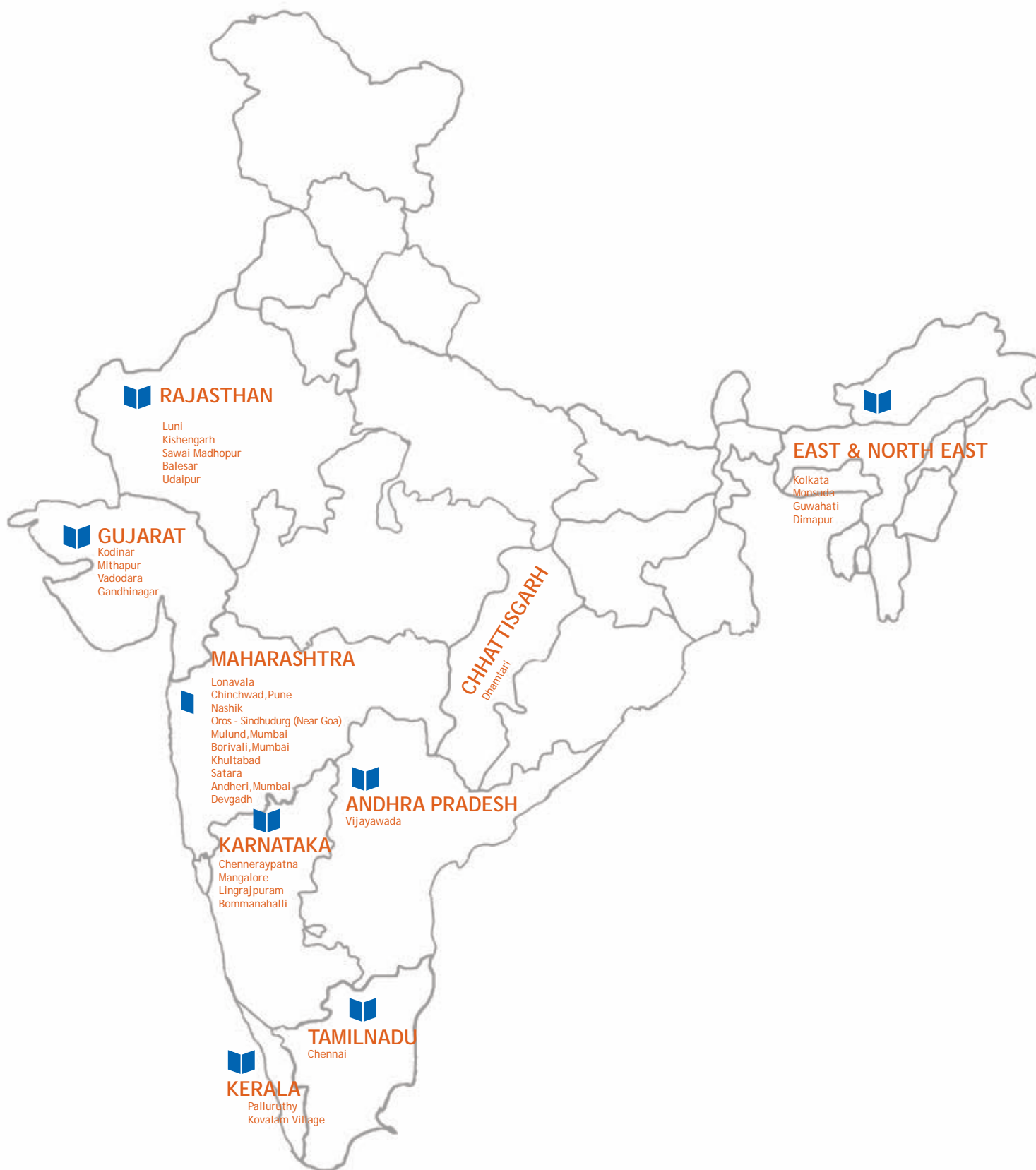
- Creation of sustainable livelihoods:
 - By actively bridging the 'divide' between organized job market and rural/less-educated/economically less-privileged youth seeking long-term livelihood options.
 - By facilitating marginalized sections like the differently-abled, candidates from Scheduled Castes and Scheduled Tribes to gain access to training and employment in hospitality industry.

- Sharing our business core competencies vis-à-vis:
 - Promoting nutritious cooking habits amongst less-privileged through Public - Private Partnerships.
 - Promoting indigenous product development, artisans and craftsmen, supporting & mainstreaming income generation projects of Voluntary Networks and NGOs.

Leveraging our pan-India presence across a variety of destinations ranging from urban to semi-urban to remote locales, we have tied up with varied developmental agencies and Government institutes, training more than 2000 less-privileged youth per year. Our key projects include skill-development in housekeeping, restaurant service, bakery, food production and spas. Going forward, we plan to support our partners to enhance their technical training through courses like AC servicing, electrician, plumbing, etc.



List of hospitality skill centres for rural/less privileged youth



Skill development projects



Our partnerships with ITIs, Don Boscós and like-minded NGOs pursuing youth training & development ensure that the rural youth get an access to market-relevant training and exposure and get an opportunity to fulfill their dreams.

Taj provides short-term, hands-on trainings in areas like House-keeping, F&B Service, Bakery and F&B Production - with on-the-job exposure to make these youth employable in Hospitality industry. Be it Mangal from a small village near Aurangabad to Kishore from Chenneraypatna or Nitesh or Meenal from villages near Sindhudurg - all these bright, enthusiastic and hard-working boys and girls are not highly educated but after completing their training are now gainfully employed at hotels of varied brands, including a few Taj hotels.

Taj also has long-standing tie-ups with various disability-support organizations across various locations to provide vocational training and exposure to differently abled candidates. We also focus on reaching out to candidates from Scheduled Castes and Scheduled tribes through our various CSR projects.

An innovative tie-up has been initiated to ensure that each of our staff's training & development (through our Corporate L & D tie-ups with Cornell and Harvard) in turn ensures that those many children from foster care/special homes of SOS Children's Villages also get support to continue their learning and educational journey.

The course fees from each Taj employee subscribing to Taj - E Cornell courses are donated to SOS Children's Village at Pune (Yerwada centre) to enable those children to get educated.

A total of over ₹3 lakhs has been donated so far through direct diverting of E-Cornell course fees towards educational fees/tuition requirements/stationery and allied costs for 169 children from lesser socio-economic backgrounds, dysfunctional families and Scheduled Castes and Scheduled Tribes in Yerwada centre, Pune.

Kitchen gardening



Villagers around Bandhavgad Wildlife Safaris lodge traditionally grew commonly occurring seasonal vegetables in their backyard for their family consumption. They were not accustomed to producing the same on a large scale. Also farming of exotic vegetables like lettuce, broccoli and other hospitality-use items was not prevalent, despite the fact that the area has many luxury lodges.

Given our commitment to local enterprise development, considering the availability of farming land, access to irrigation facility and attitude/motivation of farmers - Taj Safaris promoted organic kitchen gardening in partnership with 12 farmers in Pataur and Dobha villages. They were provided with good quality seeds/saplings of various vegetables, encouraged to go for cowdung manure and traditional herbal pesticides made up of liquid concentrate of tobacco, red chilli powder, etc. Combined exposure & training were provided to ensure a right mind-set for sustained vegetable farming.





The ready crops are purchased by our lodge and various other lodges by making immediate payments to these farmers at the market rate. So far in last three months we, at Taj Safaris Mahua Kothi lodge, have procured more than 500 kgs of vegetables directly from these small-scale backyard

farmers from nearby villages.

Encouraged with the success of our pilot, we are expanding this initiative with more farmers from villages around our lodges and also encouraging more lodges in our neighborhood to join this initiative.

Computer education

Taj hotels in 'identified regions' collaborated with developmental organizations and village-based social entrepreneurs to extend basic computer education to youth as a part of enhancing their exposure, confidence and employability. 2 computer centres are run - one each in Sarai Mohana village near Varanasi and Dobha village near Bandhavghat. More than 60 young boys and girls have so far been introduced to computer basics like MS Word, Excel, PowerPoint, accounting softwares and internet surfing. Tata Consultancy Services (TCS) supports our centre near Varanasi and also trains the trainers to ensure quality, while providing joint certification for candidates, who successfully complete the course.



More such tie-ups and next-level modules relevant to the target communities are in the pipe-line for the coming year.

We believe that the tourism benefits that we derive by operating hotels in various remote and culturally rich destinations must also touch the lives of communities around. While our mere existence leads to economic development, mushrooming of required supply chains and derivative businesses and enhancement in local employment trends, we understand that 'purposeful' and 'developmental' investment of time and efforts lead to significant value-add that a tourism-linked business can bring to the place in which it operates in the long run. Wherever possible, we try to wean out middlemen and commercial outfits to be able to enhance the benefit derived by actual producer of goods and services. This also helps us to cultivate long-term win-win partnerships with low distribution costs.

In 2010-11, we sourced ₹127 million worth of goods and services from cause-based NGOs; local Self Help Groups and less privileged individuals.

These goods and services include items like fresh produce from community kitchen gardens, specialized gifts for guests and staff events/celebrations, dusters, candles, baskets, jute/paper bags, welcome garlands (made of beads, shells, etc. as per raw materials easily available in different regions), pickles and local snacks for employee cafeterias, services of local Self Help Groups to supply fish, peel vegetables, make rotis (Indian bread), run staff cafeteria/snack counters and so on.

Following are some of the sensitive backward linkages practiced by our hotels in various regions:

- One of our major initiatives is a tie-up with Cancer Patients Aid Association (CPAA) that works for the benefit of family and friends of less-privileged cancer patients who are taking care of patients for long durations.
- We additionally source goods worth ₹0.76 million from Womens' India



Trust - an institute that provides training and work opportunities to more than 100 economically less-privileged women in Maharashtra state through our project.

- We purchase our centralized stock of cloth bags for hotels' laundry from a project supporting differently-abled candidates from Munnar, Kerala.
- More than 6,000 kgs of used newspapers/magazines and re-usable paper was donated from Corporate offices to an NGO called SHARE, which trains women groups in rural Maharashtra to make and sell paper bags to supplement their meagre family incomes.
- NGO fairs are organized on regular basis during festivals in corporate office and hotels to support credible NGOs to promote their cause and raise funds for the same through selling their products/wares to Taj employees.
- We train women Self Help Groups from Chennai, Varanasi and various other locations in income generation activities like candle-making, fancy pottery, stationery kits, stitching and tailoring, making of vanity pouches, etc.
- Taj supports NGOs through Aura Herbal Wear. Through Taj purchase orders, they are able to support less privileged women by involving them in garment designing and basic stitching; thereby enhancing their skills and empowering them to be self-reliant. Aura Herbal Wear supports Apang Manav Mandal, which educates and trains physically challenged girls; Awag, which supports destitute women by training them in tailoring (Jiva spa therapists' uniforms are stitched by this group) and Himmat; a group started to support women from minority communities who were left to fend for themselves and their children after the unfortunate communal riots in Ahmedabad, Gujarat. (Most of the Jiva Spa towels have been stitched by women from this group).
- Taj Club House, Chennai runs an interesting initiative. Kefi - a Mediterranean restaurant has a plate breaking ceremony for long life, happiness and prosperity, as per the

Turkish tradition. There is a special tank where the guests break plates. These plates are bought from an NGO at ₹60/- and the guests donate ₹240/- for breaking the same. The revenues generated from this plate breaking, is spent for Community initiatives at Taj Club House Chennai. Using these funds, over the last two years, the Community Development Action Group (CDAG) has facilitated self-employment for two differently-abled less-privileged people. An idli-making equipment with basic restaurant set-up and a tailoring unit with interlocking facilities have been set up by these enterprising women.

- Another such unique example of the indomitable human spirit can be found behind the sparkle and shine of the fresh laundry at the spa in two Taj North Goa hotels - a story of strength and grit. A significant portion of the laundry load of these hotels is handled by Swift Wash, a laundry service managed by the NGO Arz that works towards the economic rehabilitation of victims of commercial sexual exploitation.



Before the rescued women could reach this level of business expertise and confidence, a lot of patient, consistent and unconditional support and training was put in by our team of community service volunteers, since July 2007. They conducted training sessions for the women who didn't even have basic laundry skills and little knowledge on how to run a sustainable business. But what they had was a spirit of learning and the pride of having survived from the shackles of sex trade. In recognition of their efforts, they received the Godfrey Phillips Bravery Award 2009 in the category 'Social Act of Courage'. Swift Wash is currently providing economic rehabilitation to 50 women and



girls, and 15 adolescent boys from the same network.

On continued involvement, our volunteer teams realized that this venture - on account of being funded by social foundations - was not pushed to ensure

profitability and had challenges in terms of rigorous business planning and cost-turnover management. We continue to work with their teams to enhance their ability to plan profitable business processes, logistics planning and facilitate sustainable business growth for Swift Wash.

Facilitating preservation and revival of indigenous art, craft and culture



Taj's association with the rich heritage of India enables it to provide a platform to showcase indigenous art, culture and cuisines to the world, while facilitating sustenance of such rich tradition and legacy.

- More than 15 of our hotels located near culturally rich destinations proactively engage with such groups to help them showcase and sell their artifacts, craft pieces, designate slots for cultural shows, research and incorporate local/indigenous palettes in our food menus, organize local food festivals, etc.
- More than 230 artisans, karigars and culture troupe members were supported in 2010-11 across hotels. Some of the arts and cultures we support are stone carving, bidri work, lacquered wood toy making, bagru printing, wood carving, chikan work, pottery, filigree, sandalwood carving, ikkat, brocade and jade saree weaving, glass blowing, kathputli shows, Rajasthani cultural performances, Baiga and Gond tribal dances, other region-specific cultural shows and so on.

Key Facts for 2010-11

No. of active projects in key thematic areas	45
No. of Volunteers	5,466
Impact of Initiatives:	
No. of less-privileged candidates trained in hospitality skills	2,036
No. of differently abled candidates trained	87
Value of sensitive purchases from NGOs/Women Self Help Groups/small-scale local entrepreneurs	₹127 million
No. of artisans, karigars, culture troupe members supported	227
Total Direct Spend towards Community Initiatives (excluding sensitive purchases)	₹22 million





Memories of the November 26, 2008 terror attacks will be etched forever in the mind of every individual who witnessed it. But it was a traumatic experience for every Taj associate, as well. In the days that followed, the Taj received an outpouring of support from employees, the Tata trusts, Indians and well-wishers from across the globe.

Feeling a sense of responsibility and solidarity with others who had been scarred by the frightful events, IHCL decided to

establish the Taj Public Service Welfare Trust to provide relief to individuals and families affected by terror attacks, natural calamities and other tragic events in the future.

As on date, the Trust has directly benefited 249 families / victims of the terror attack, helped over 168 families to be self-sustainable and provided life-long pension to about 25 families to enable them take care of their medical and daily needs. The Trust has also set up a counselling centre at Mumbai to provide support to the families still under a mental trauma.

Continuing the Tata Group's commitment to social responsibility, the mandate of this Trust has been extended to provide relief to victims of sudden acts of violence, natural disasters and events that inflict damage to life and property, across India. Till date, the Trust has successfully helped 307 families in the fire and cyclone disaster in Bihar and 285 families by the cloudburst in Leh.

26/11 terror attack

- This year the emphasis was to streamline the education support program of the Trust. This program is being managed by the spouses of our employees who lost their lives in the tragedy. They are involved in activities such as meeting the affected families and visiting the schools. Their efforts have helped to extend the outreach of this program to 108 children.



26/11 survivor, one of many to whom the Trust extended its assistance

- There is a strong emphasis on setting up of a micro-enterprise and it has encouraged women to pursue vocational courses for them to earn a livelihood. People who have started to recover from their injuries have been assisted in setting up small businesses which they can manage on their own. The Trust assesses their complete needs and works with them right from developing the business proposal to having joint meetings with bank officials for securing a loan.
- We at the Trust are also focussing on providing hospitality skill training to the affected youth. Work is under progress at the ITI facility in Lonavla for setting up a hostel and centre of excellence to impart such training to the affected youth.
- Over the last three years, the Trust has also continued the provision of supporting mechanisms like monthly sustenance, education support, medical re-imburement, etc. apart from making the victims self-sustainable.

Fire and cyclone disaster in Bihar



A Taj Trust representative assisting members of a village affected by the disaster.

In April 2010, there was a fire and cyclone disaster in the rural village areas of Bihar resulting in 1,110 homeless and jobless families across three villages. Based on a needs assessment study and in line with IHCL's affirmative action policy, the Trust adopted one village of 307 families, where the maximum number of families belonged to the SC/ST and BPL category. We used a participatory rural approach in consultation with the local community and local NGO partner to help the families. Following are some of the key measures adopted:

- All the families were provided a dignity kit comprising household utensils, two pairs of clothes for every family member and other basic amenities.
- A medical camp was organized in the affected area for a period of one month.
- 50 new ploughs were provided to the villagers after creating small groups of 10 families. Besides this, 17 families were provided with new bicycles and financial assistance to re-start their livelihoods, while a few other families were supported with tool sets for setting up small cycle repair shop, sewing machine repairs shop, tea stalls, cycle rickshaws, etc.
- To reduce the high dependency levels of the villagers on moneylenders, we introduced a concept called "Grain Bank". Small voluntary committees of 10 families were formed. Further, a local NGO partner was engaged to provide the committee members with required training on how to maintain records, distribute grains and sustain their voluntary committees.
- Around 144 school children were

provided with school bags stationery and books.

- To enable smooth transition of villagers across the Kamla river that divides it, the Trust provided the villagers with two country boats, one on each side of the river bank.

Cloudburst in Leh

In July 2010, there was a cloudburst in Leh. The Trust partnered with Sir Dorabji Tata Trust and has implemented a relief program in some of the remote areas based on a needs assessment. Some of the relief measures include:

- We provided support to the villagers for removal of debris from agricultural lands by deploying JCB excavators and tractors. We implemented an approach called "Cash for Work" through which the local villagers were paid for working in their villages, instead of hiring external labour. Deployment of local people helped to retain fertile soil layers, thereby making their lands cultivable in a short time period. The Cash for Work model was greatly appreciated by the Ladakh Autonomous Hill Development Council (LAHDC) members and who have now adopted the same approach in other affected villages in order to make them self sustainable.
- The Trust along with LAHDC conducted an orientation program on hospitality skills for the affected youth in the Leh region. Upon completion of training, LAHDC planned to conduct a job fair for providing appropriate employment to these youth. Over 100 people attended the training at Leh, of which 46 completed the hospitality skill training program conducted at the Skill Certification Centre at Taj Lands End in Mumbai. 26 of them have secured local placement in Leh.



Debris removal work in progress at the affected village adopted by the Trust

Independent Assurance Report

KPMG India was engaged by Indian Hotels Company Limited ('IHCL', 'the Company') to provide assurance over selected aspects of IHCL's 2010-11 Corporate Sustainability Report ('the Report').

What was included in the scope of our assurance engagement?

The scope of assurance covers data and information on economic (excluding financial), environmental and social indicators presented by IHCL in the Report for the financial year 2010-2011, in line with the requirements of GRI - G3 (2006) Guidelines on Sustainability Reporting. For verification of data and information we conducted site visits / video conferences as follows:

Site visit	
Agra	Gateway Hotel, Fatehabad Road
Bhubaneshwar	Ginger
Bangalore	Ginger; Taj West End; Gateway Hotel - Residency Road;
Chennai	Vivanta by Taj - M G Road; Vivanta by Taj - Whitefield Taj Club House; Taj Coromandel; Vivanta by Taj - Fisherman's Cove;
Mumbai	Vivanta by Taj -Connemara Corporate Office - IHCL; Corporate Office - Ginger; Taj Mahal Palace;
New Delhi	Taj Lands End; TajSATS; ; Taj Wellington Mews; Vivanta by Taj - President Ginger - Vivek Vihar; Taj Mahal; Taj Palace Hotel; TajSATS; Vivanta by Taj - Ambassador
Video conference	
Malaysia	Rebak Island Resort, Langkawi
Maldives	Vivanta by Taj - Coral Reef
South Africa	Taj Cape Town
USA	Campton Place, San Francisco

Which assurance standards did we use?

We conducted our work in accordance with ISAE 3000. We conducted our engagement in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence.

Specific limitations to our work included the following:

For the locations that were not visited, we confirmed that the data supplied by IHCL were correctly reported and aggregated at corporate office, but we did not verify the underlying reliability of this data. We have not been engaged to determine which, if any, recommendations should be implemented; act on behalf of management in reporting to the Board of Directors, or Audit Committee; Develop/ prepare source documents on transactions; Verify financial performance indicators. We have also not been engaged to provide assurance over any prior year data or information presented in the Report.

What are our conclusions?

Based on our review, nothing has come to our attention to indicate that the information contained in the Report is inconsistent with the findings of our work as described below:

- Safety and security, customer satisfaction, revenue optimization, attracting and retaining talent, environmental excellence, and building sustainable livelihoods have been reconfirmed and retained as IHCL's key focus areas.
- IHCL's SHE committee has Board level representation and is responsible for all key decisions related to sustainability.
- IHCL has processes in place to collect, collate and monitor sustainability performance data related to energy consumption; water consumption; community engagement; and consumption of materials including paper, cleaning products and pesticides.
- The Report complies with the GRI-G3 guidelines 'A+' application level criteria.

What did we do to reach our conclusions?

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary in relation to the above scope. Our work included the following procedures using a range of evidence-gathering activities which are further explained below:

- Observations of the Company's stakeholder consultation processes and their methodology for determining the material issues;
- Interviews with senior management and relevant staff at group level and selected operating companies to understand implementation of sustainability initiatives across the business;
- Checking the Reports' content to ensure consistency with the GRI application level requirements of A+;
- An evaluation of the existence and operation of the systems and methods used to collect process and aggregate the selected performance data presented in the Report. We also tested the reliability of underlying data and information for the selected performance data within the scope of our assurance;
- Conducting visits to domestic hotels and video conferences with international hotels;
- A review of the Report draft to ensure there are no disclosures that are misrepresented or inconsistent with our findings.

Other key observations

We have provided IHCL's management with an internal report outlining our findings. Without prejudice to our conclusions presented above, we present some of the key observations below:

- IHCL has rolled out a hotel-wide safety management system based on custom-made protocols. The pilot version of which was deployed in Taj West End, Vivanta by Taj - MG Road and Gateway Hotel - Residency Road in Bangalore.

- The Report presents the six elements of IHCL's strategy to conduct sustainable business operations. Going forward, IHCL can establish Enterprise-level and Hotel-level goals and targets specific to sustainability performance indicators in order to compare its performance over a period.
- There were discrepancies in the data reported from hotels and the same were corrected during the course of verification audits.
- Management and reporting of sustainability performance indicators at the hotel level is fragmented and not integrated as a part of the mainstream management information systems.
- The process adopted for determining the focus areas involves engagement with IHCL's internal stakeholders. The Company can consider revisiting the focus areas after considering views and opinions of its external stakeholders as well.

Responsibilities

The Management of IHCL is responsible for preparing the Report and the information and statements within it. The Board is responsible for identification of stakeholders and material issues, for defining commitments with respect to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

Our responsibility is to express our conclusions in relation to the above scope. We conducted our engagement with a multidisciplinary team including specialists in ISAE 3000, stakeholder engagement, auditing environmental, social and financial information and with experience in similar engagements in the hospitality sector.

This report is made solely to IHCL in accordance with the terms of our engagement. Our work has been undertaken so that we might state to IHCL those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than IHCL for our work, for this report, or for the conclusions we have reached.



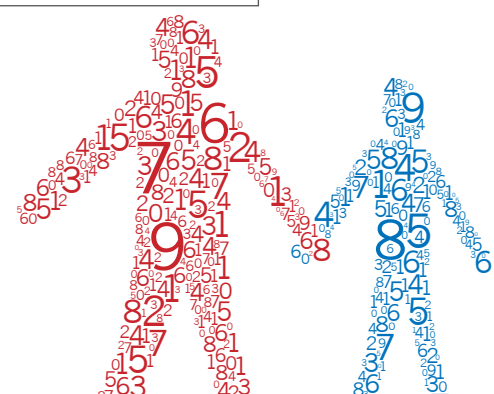
Arvind Sharma
Director
KPMG, India

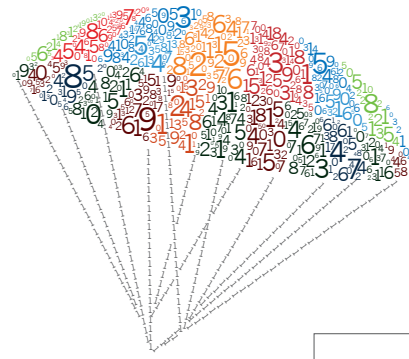


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	G3 Management Approach Disclosures Not Required		G3 Management Approach Disclosures Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category		
	G3 Performance Indicators & Sector Supplement Performance Indicators Report on a minimum of 10 Performance Indicators, including at least one from each of: social, economic, and environment.		G3 Performance Indicators & Sector Supplement Performance Indicators Report on a minimum of 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		G3 Performance Indicators & Sector Supplement Performance Indicators Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.		

*Sector supplement in final version

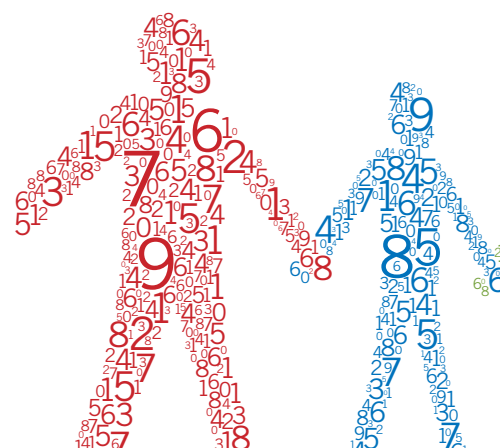




Glossary



- AA - Affirmative Action
- AGM - Annual General Meeting
- ARR - Average Room Rate
- BAS - Building Automation Systems
- CDP - Carbon Disclosure Project
- CFC-11 - Trichlorofluoromethane
- CFL - Compact Fluorescent Lamp
- CFT - Cross Functional Team
- CO2 eq. - Carbon Dioxide Equivalent
- CSL - Critical Systems Leaders
- EARTH - Environment Awareness and Renewal at Taj Hotels
- EPM - Enterprise Process Model
- ESS - Employee Satisfaction Survey
- F&B - Food and Beverage
- GHG - Green House Gases
- GJ - Giga Joules
- GM - General Manager
- GRI - Global Reporting Initiative
- GSTS - Guest Satisfaction Tracking System
- HACCP - Hazard Analysis and Critical Control Points
- HRMS - Human Resource Management Index
- ICDS - Integrated Child Development Scheme
- IHCL - The Indian Hotels Company Limited
- INR - Indian National Rupee
- ISO - International Standards Organisation
- ISO14001 - Environmental Management Systems
- ISO22001 - Food Safety Management Systems





- ITI - Industrial Training Institutes
- Kg - Kilo Grams
- KL - Kilo Litres
- LED - Light Emitting Diode
- MJ - Mega Joules
- MW - Mega Watt
- NGO - Non Governmental Organisation
- NOx - Oxides of Nitrogen
- ODS - Ozone Depleting Substances
- OHSAS - Occupational Health and Safety Assessment Series
- OHSAS Occupational
- 18001 - Health and Safety Management Systems
- PACE - Performance Alignment and Competency Enhancement
- PMS - Performance Management System
- PPP - Public Private Partnership
- RCL - Roots Corporation Limited
- SC - Scheduled Caste
- SHG - Self Help Groups
- SOx - Oxides of Sulphur
- SPEED - Special Program for Employee Education and Development
- SPM - Suspended Particulate Matter
- ST - Scheduled Tribe
- STARS - Special Thanks and Recognition System
- TABE - Tata Awards for Business Excellence
- Taj SATS - Taj Singapore Airport Terminal Services Ltd.
- TAP - ME - Taj Acculturation Process for Managing Excellence
- TBEM - Tata Business Excellence Model
- TCoC - Tata Code of Conduct
- TPAM - Tata Positive Assurance Model
- UNGC - United Nations Global Compact
- YOA - Year of the Associate





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and Palaces

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