



BEYOND THE NUMBERS

INDIAN HOTELS COMPANY LIMITED

COMMUNICATION ON PROGRESS

2011-2012

HIGHLIGHTS



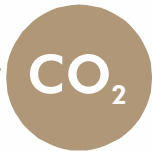
2.3%

REDUCTION IN TOTAL
ENERGY CONSUMPTION,
PER ROOM NIGHT



120%

INCREASE IN
RENEWABLE ENERGY.



10%

DECREASE IN TOTAL
CO₂ EMISSIONS,
PER ROOM NIGHT



3%

DECREASE IN
WATER CONSUMPTION,
PER ROOM NIGHT



54









HOTELS SILVER CERTIFIED
BY EARTHCHECK

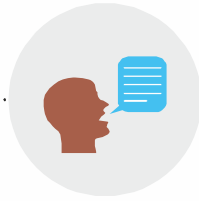


2385

UNDER-PRIVILEGED
YOUTH TRAINED FOR
EMPLOYABILITY

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Dear Readers,

The Indian Hotels Company has been proudly associated with the United Nations Global Compact from the year 2001. Since then, we have embraced, supported and enacted, within our sphere of influence, the UNGC principles on human rights, labour standards, the environment and anti-corruption.

This report gives a brief overview of our communication on progress on the ten UNGC principles and our performance on sustainability indicators defined in the Global Reporting Initiative's G3.1 guidelines on sustainability reporting. This sustainability update has been effectively divided in to four main sections in the report across aspects of corporate governance, people management, environment management and community development. In each section, we have attempted to give a balanced view of how we have performed.

The Euro zone debt crisis continued in 2011-12 dampening the global economic recovery, high inflation and depreciation of the Indian Rupee. This also translated in to a moderate growth in the tourism industry. The international tourists arrival grew by 4.4 percent worldwide, while in India the foreign tourists arrival and domestic traffic increased by about 9 percent over last year. Amidst this, we continued to pursue the completion of ongoing builds, both in the domestic and international market, under various brands to achieve sustainable and profitable growth. In 2011-12, our inventory stood at 112 hotels with 13,629 rooms.

The Tata Code of Conduct continues to articulate the values, ethics and business principles that should be adhered to by our employees, as part of our philosophy on Corporate Governance. We have extended the purview of our governance mechanisms to encompass guest and associate satisfaction, interactions with vendors and suppliers, business relations with JVs and partners, commitment to quality and brand standards, accountability, transparency and business ethics.

Continuing from the previous years, we have focussed on internal redeployment of human resources as an effective way of optimising our operations. This year, we also implemented several other projects aimed at building a high performance work culture. Through project 'Vidya', we aim to achieve 100% computer literacy across IHCL, while through 'MiUniversity' – an online learning

management system, we aim to provide impetus in skill and knowledge development among all levels of employees. In 2011-12, we introduced flexible compensation architecture on Cost to Company principles allowing our executives to enhance value of their existing remuneration. We also continued our efforts towards building leadership capability across all levels through dedicated programmes. Safety and security of associates and guests have been an integral component of our business and we have defined systems and processes to ensure awareness and training along with regular safety and security performance reviews.

We are conscious of our environmental impact across our operations and strive to reduce consumption. We continue to certify our hotels under EarthCheck, which is an extensive assessment and audit of individual hotels by independent assessors across indicators ranging from energy use, water consumption, waste management to sensitivity exhibited vis-a-vis social and cultural dimensions. We are also focussing on reducing our dependency on fossil fuels by increasing the use of renewable and alternative energy sources. Our hotels are also working towards effective water management. We have achieved a zero discharge status for 33 hotels, while 17 hotels have active rain water harvesting systems. We have deployed innovative waste management systems across hotels to optimise resource usage. In some of the hotels, we have installed a bio-gas plant to effectively dispose kitchen and horticulture waste. We are conscious of bio-diversity preservation in eco-sensitive areas where our hotels operate.

'Building sustainable livelihoods' continues to be the foundation of our social responsibility agenda. Most of our projects are designed to extend our core competencies of food and beverage service, hospitality, wellness and spas. We work alongside the national and state systems 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, while encouraging and benefitting the craftsmen who create it. We encourage our associates, vendors and partners to volunteer their time, knowledge and resources for identified causes and social projects for not just reaching out to the beneficiaries, but also to enrich their personal lives. We have renewed our commitment to promote the spirit of volunteering through our campaign 'Give Back' and are keen to open up opportunities for volunteering to our guests as well in years to come. The Taj Public Service Welfare Trust continues to receive support from well-wishers in India and abroad. The Trust provides support to victims affected by natural and man-made disasters. Till date, the Trust has reached out to over a thousand families across the country.

I appreciate and acknowledge the support extended by our stakeholders to ensure success of our initiatives and projects. Our constant endeavour has been to be ahead of the curve and to be the leader in our field. Your constructive feedback will help us in improving our performance and leading by example.

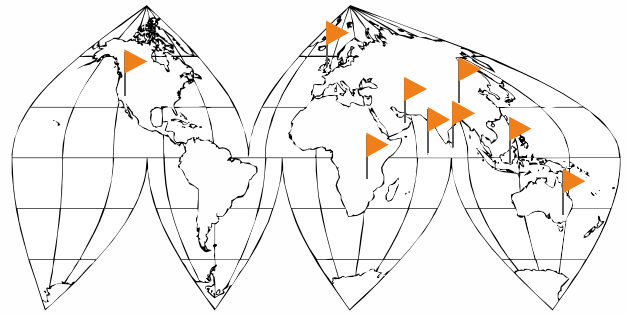


RAYMOND BICKSON
Managing Director

COMPANY PROFILE



INDIAN HOTELS COMPANY LIMITED and its subsidiaries are collectively known as Taj Hotels Resorts and Palaces. We are globally recognized as one of the finest hospitality companies with 112 hotels in 55 locations across India and 16 international hotels in the Maldives, Malaysia, Australia, UK, USA, Bhutan, Sri Lanka, Africa and the Middle East.



Spanning across the country, gracing important industrial towns and cities, beaches, hill stations, historical and pilgrim centres and wildlife destinations, we operate in the luxury, premium, mid-market and value segments of the market. Each Taj hotel offers luxury and superior service, the apogee of Indian hospitality, vantage locations, modern amenities and business facilities. IHCL operates in the luxury, upper upscale, upscale and value segments of the market through the following:

LUXURY (luxury full-service hotels, resorts and palaces) is our flagship brand for the world's most discerning travellers seeking authentic experiences given that luxury is a way of life to which they are accustomed. Spanning world-renowned landmarks, modern business hotels, idyllic beach resorts, authentic Rajput palaces and rustic safari lodges, each Taj hotel reinterprets the tradition of hospitality in a refreshingly modern way to create unique experiences and lifelong memories. The Taj Group is defined by the emotional and unique equity of its iconic properties that are authentic, non-replicable with great potential to create memories and stories. Taj Khazana is a chain of luxury lifestyle stores with six boutiques located in luxury properties across India. These boutiques sell merchandise created by indigenous artisans, be it textiles or art forms in paper, metal, wood, marble or iron.

TAJ EXOTICA (luxury leisure resort and spas) is found in the most exotic and relaxing locales of the world. The properties are defined by the privacy and intimacy they provide. The hotels are clearly differentiated by their product philosophy and service design. They are centered around high-end accommodation, intimacy and an environment that allows its guest unrivalled comfort and privacy. They are defined by a sensibility of intimate design and by their varied and eclectic culinary experiences, impeccable service and authentic Indian spa sanctuaries.





TAJ SAFARIS (wildlife resorts) allow travellers to experience the unparalleled beauty of the Indian jungle amidst luxurious surroundings. They offer India's first and only wildlife luxury lodge circuit. Taj Safaris provide guests with the ultimate, interpretive, wildlife experience based on a proven sustainable eco-tourism model.

VIVANTA BY TAJ (upper upscale hotels) offers options for the work-hard-play-hard traveller across metropolitan cities, other commercially important centres and some of the best-loved vacation spots. Stylish and sophisticated, Vivanta by Taj delivers premium hotel experiences with imagination, energy and efficiency. It's the flavour of contemporary luxury, laced with cool informality and charming Taj hospitality. Created for the cosmopolitan global traveller and bon vivant, Vivanta by Taj - Hotels and Resorts create experiences that will amuse, invigorate and inspire guests.



THE GATEWAY HOTEL (upscale/mid-market full service hotels and resorts) is a pan-India network of hotels and resorts that offers business and leisure travellers a hotel designed keeping the modern nomad in mind. At The Gateway Hotel, we believe in keeping things simple. This is why our hotels are divided into seven simple zones - stay, hangout, meet, work, workout, unwind and explore.

GINGER (smart basics™) is a revolutionary concept in hospitality, created for the value segment. Intelligently designed facilities, consistency and affordability are hallmarks of this brand targeted at travellers who value simplicity and self-service. These hotels have created a new category in the domestic hospitality landscape.



Taj Hotels also promise a whole new experience in tranquility and total 'wellness', through **JIVA SPAS** a unique concept, which brings together the wisdom and heritage of the Asian and Indian philosophy of wellness and well-being. Rooted in ancient Indian healing knowledge, Jiva Spas derive inspiration and spirit from the holistic concept of living.



IHCL also operates **TAJ SATS** Air Catering Ltd., the largest airline catering service in South Asia, as a joint venture with Singapore Airport Terminal Services, a subsidiary of Singapore Airlines. The company provides in-flight catering in Mumbai, Delhi, Chennai, Kolkata, Amritsar, Goa and Bangalore and manages Airport Lounges in Mumbai and Chennai.

CORPORATE GOVERNANCE



We have been practicing the highest standards of corporate governance even before Securities Exchange Board of India (SEBI) made it a mandatory requirement from 2001. Out of over 5,000 companies listed with the Bombay Stock Exchange, IHCL is categorized as an 'A Group' Company which comprises only 200 companies and the criteria for selection is based on market capitalization, liquidity, industry representation, listed history and track record of compliance. We also 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. Independent Directors comprise more than half of the Board with experience in domains such as banking, finance and hospitality to social service and architecture. Being a TATA Group company, we go beyond the mandatory requirements of Corporate Governance and conduct business in a fair and transparent manner, as per the conditions of the comprehensive Tata Code of Conduct* (TCoC). IHCL maintains good investor relationships and endeavours to deliver consistent quality services.

THE COMPOSITION OF THE BOARD OF DIRECTORS IS AS FOLLOWS:

| NAME OF 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 |
| Mr. Mehernosh S. Kapadia** | Executive |

*resigned w.e.f. 6 June, 2012

**w.e.f. 10 August, 2011

We have four committees that overlook the entire functioning of the company and provide direction and guidance. These committees are: Audit committee, Share Transfer & Shareholders'/Investor Grievance committee, Remuneration committee and Safety, Health and Environment (SHE) committee. Our Corporate Governance Philosophy derives from the values of Integrity, Excellence and Responsibility. It emphasises wealth creation for society, protection and interest enhancement for all stakeholders, without compromising the environment and health of society at large. Today, we have extended our footprint to five continents across the globe and share global best practices. We have adopted the Tata Business Excellence Model which pushes the boundaries of excellence, enabling innovative ideas and promoting indigenous methods to improve business.

*The Tata Code of Conduct can be found here: <http://www.tata.com/aboutus/articles/inside.aspx?artid=NyGNnLHkaAc=>

PEOPLE MANAGEMENT









In the hospitality industry, where quality of interaction with guests determines our success, it is no exaggeration to state that our employees are our backbone and the key to our sustained growth. We take concerted efforts to ensure employee well-being and have adopted the TCoC to ensure fair, honest, open and transparent dealings with all our employees.

158 associates of our workforce have been with us for over 35 years, of which 4% have grown from entry level to top management in their career span.

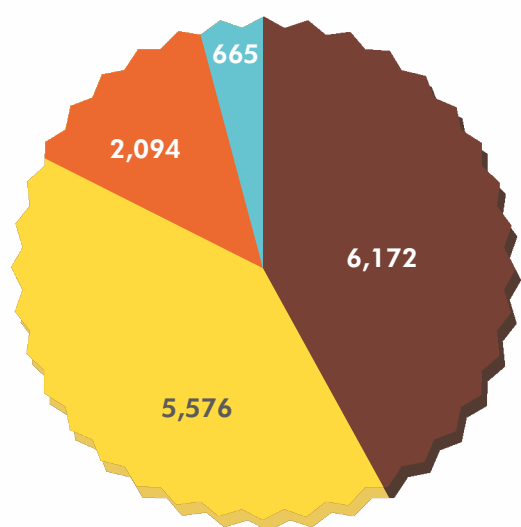
In the hospitality industry, which experiences one of the highest attrition rates among all sectors, this is an indication of our commitment to employee welfare and growth.

AGE AND GENDER-WISE BREAKUP OF OUR EMPLOYEES:

| GROUP | < 29 | | 30 - 49 | | > 50 | |
|----------------------------------|---|---|---|---|---|---|
| |  |  |  |  |  |  |
| DIRECTOR | 0 | 0 | 1 | 0 | 4 | 0 |
| EXECUTIVE | 698 | 307 | 1,597 | 352 | 396 | 56 |
| TAS, STAFF & SUPERVISOR | 1,359 | 239 | 3,134 | 134 | 890 | 23 |
| FTC | 3,191 | 669 | 738 | 76 | 37 | 13 |
| APPRENTICE & TRAINEE | 431 | 95 | 0 | 0 | 0 | 0 |
| UNCLASSIFIED, CONSULTANT & EXPAT | 2 | 1 | 16 | 4 | 26 | 7 |
| TOTAL | 5,681 | 1,311 | 5,486 | 566 | 1,353 | 99 |

Additionally, between TajSATS and Ginger, we have 1,954 employees.

BRAND-WISE BREAK UP OF EMPLOYEES 2011-2012



In the reporting year, out of 5,529 new associates, the attrition was 26.6%. Overall, in 2011-12, the attrition rate was 34.23% (3,918 male and 1,045 female associates). In order to enhance the skill-sets of our associates, we provide a number of training programmes across diverse areas. We spent 1,255,417 man-hours on employee training in the year, of which 102,812 man-hours were on training on EHS performance management and improvement and 27,105 man-hours were on training on the TCoC and adherence to the same.

DISCOVERING THE JOY OF 'GIVING BACK'

Volunteering has long been part of the culture of the Taj Group. Each hotel carries out a plethora of social responsibility initiatives ranging from livelihood projects to programmes supporting local enterprise and art and craft promotions to environment conservation activities.

An example of one such initiative was the participation of a 75-member Taj team who ran the Mumbai Marathon in January, 2012. Led by the Managing Director, Mr. Raymond Bickson, the team at Taj came together to support DEEDS (Development, Education, Empowerment of the Disadvantaged in Society) – an NGO which works with the hearing and speech-impaired.

The 'GIVE BACK' campaign was launched as a part of the marathon felicitation ceremony by Mr. Bickson. Give Back is an employee volunteering programme aimed at engaging staff members and their families working in the Taj corporate offices and Mumbai hotels. Through this program, volunteers

can spend a minimum of five hours a month in supporting a social initiative of their preference. Currently, there are 90 employees who have registered to support causes of their choice from nine causes outlined under this programme.





SAFETY

Safety for associates and guests is an integral component of our culture at the workplace. We have defined systems and processes to ensure awareness, training and we regularly review our performance. Safety training is conducted for all hotels, using qualified consultants. This year, we have engaged Tata Consulting Engineers to audit our safety systems and processes, so as to ensure the highest level of focus is constantly maintained with regards to safety. Our safety performance is given alongside:

| | |
|-------------------------------|--------|
| NEAR MISS CASES (NMC) | 1,218 |
| FIRST AID CASES (FAC) | 10,573 |
| MEDICAL TREATMENT CASES (MTC) | 2,753 |
| RESTRICTED WORK CASES (RWC) | 109 |
| LOST TIME CASES (LTC) | 613 |
| LOST DAYS | 4,946 |
| FATALITIES | 2 |
| MILLION MAN-HOURS WORKED | 62.11 |

SAFEGUARDING OUR MOST IMPORTANT ASSET: PEOPLE



The Taj Falaknuma Palace, Hyderabad, conducted a self defence class for its female associates in order to equip them with basic skills in self-security. Also, its security team has placed a box in each department, which gives the associates information on how to react during an evacuation procedure, in case of any emergency. The box also tells them about their departmental responsibilities and gives them directions to the assembly area.

The Taj Mahal Hotel, New Delhi, organised 'Safety Week', for its associates to heighten their awareness about the safety procedures that the hotel has in place. During this week, a number of activities were organised in the hotel, in co-ordination with the security department of the hotel and other departments. Similar safety initiatives have been carried out at every property of our group of hotels to ensure safety of our guests and associates.

ENVIRONMENT MANAGEMENT



Caring for and protecting the environment is an essential part of our corporate ethos.

We have implemented the 'EARTH' programme - Environment Awareness and Renewal at Taj Hotels, a project which is focussed on energy conservation and other sustainability initiatives.

We have been publishing our Sustainability Reports based on GRI Guidelines for the past 8 years. We also continue to voluntarily participate in the globally recognized Carbon Disclosure Project (CDP).

We have also joined the internationally recognized EarthCheck benchmarking and certification system as an extension of our existing environmental initiatives.

We recognize that as a leader we have a responsibility to demonstrate our commitment towards managing our carbon footprint. The monitoring and improvement report detailed by EarthCheck for each of the hotels audited year on year enables us to work on areas of improvement. All our Luxury, Vivanta and Gateway hotels have been included in the EarthCheck certification process.

54 HOTELS HAVE ACHIEVED SILVER CERTIFICATION AND THE REST ARE BRONZE CERTIFIED.

Across the world, our hotels participate in the Earth Hour initiative. By observing the Earth Hour, we enhance the image of our company as an environmentally friendly organization and increase awareness amongst our associates and guests.

DOING OUR BIT TO SAVE THE SEA TURTLE

One of the wonderful experiences of walking along the beach by **VIVANTA BY TAJ - FISHERMAN'S COVE, CHENNAI** is that you get the unique opportunity to spot Olive Ridley sea turtles nesting their eggs by the sea. Every year from December to March, thousands of these sea turtles make their way to the sands of the Bay of Bengal to lay their eggs. Unfortunately, due to lack of a protected environment, the eggs get savaged. As a result, the survival rate of the sea turtle hatchlings is only 0.2 percent. Looking at this dismal survival rate, the associates of Vivanta by Taj – Fisherman's Cove, Chennai started a unique initiative as part of their environment conservation and awareness program. To enhance the survival rate of these endangered species, the associates protect the eggs and hatchlings, and release them safely into the sea with the help of the guests, who are only happy to help.



In the last cycle, the associates released close to a 1,000 hatchlings into the sea. Till date, the hotel associates, along with the hotel guests have released 15,000 baby sea turtles into the sea.

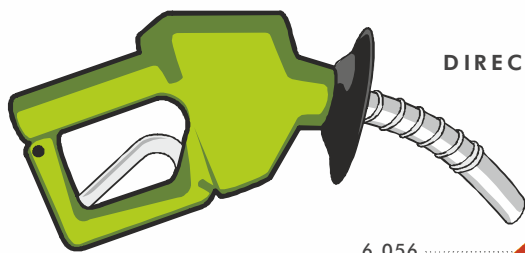
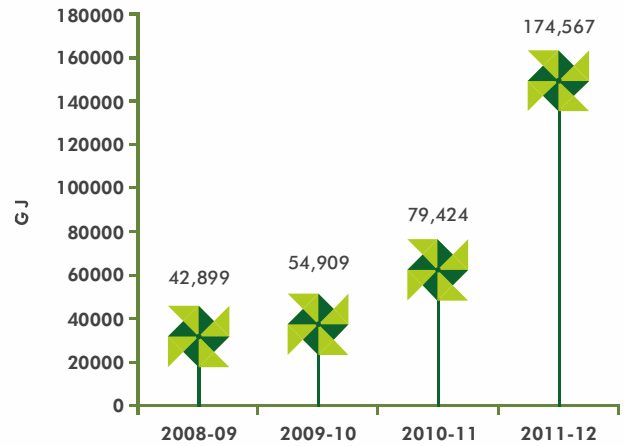
ENERGY AND EMISSIONS MANAGEMENT



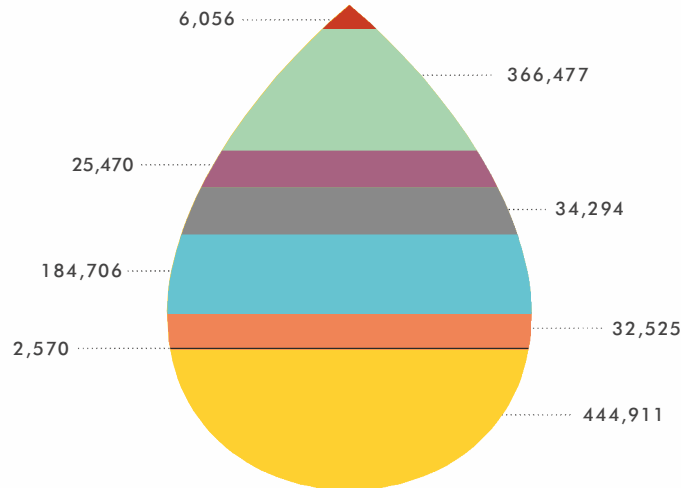
We are conscious of the environmental impact of our operations and strive to reduce consumption. We regularly measure and record our direct and indirect energy usage and related emissions of green house gases. This year, our total energy consumption i.e. direct and indirect energy use was 1,097,008 and 1,247,019 GJ respectively.

Our renewable energy consumption for 2011-12 was 174,567 GJ, thus helping reduce carbon emissions.

RENEWABLE ENERGY CONSUMED



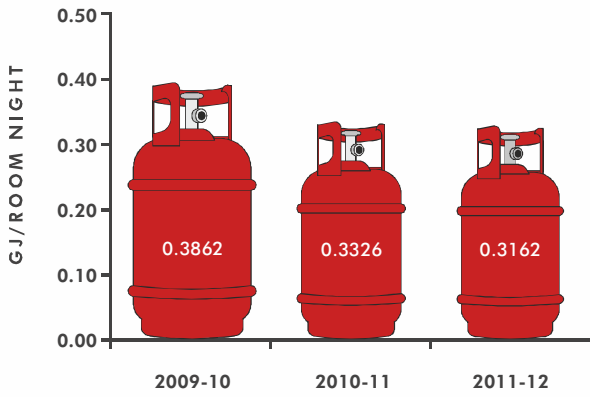
DIRECT ENERGY CONSUMPTION 2011-2012 (GJ)



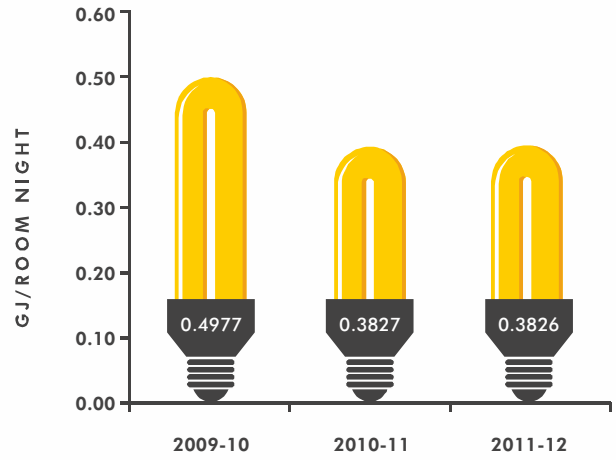
- 
HIGH SPEED DIESEL
- 
LIGHT DIESEL OIL
- 
FUEL OIL
- 
LIQUEFIED PETROLEUM GAS
- 
CHARCOAL
- 
PETROL
- 
PIPED NATURAL GAS
- 
CHAFF FUEL

ENERGY CONSUMED PER ROOM NIGHT FOR LUXURY, SAFARI, VIVANTA, GATEWAY AND GINGER HOTELS

DIRECT ENERGY CONSUMED PER ROOM NIGHT

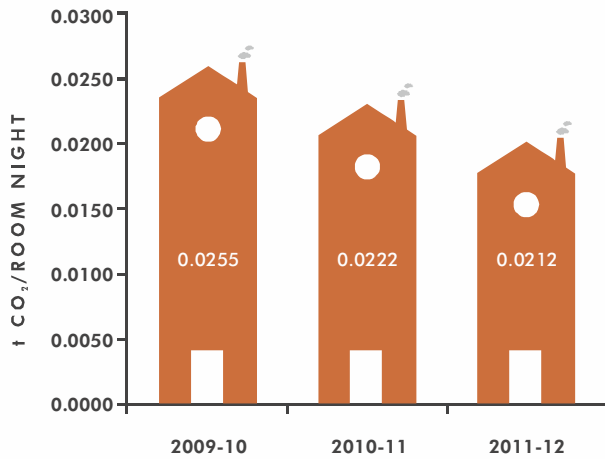


INDIRECT ENERGY CONSUMED PER ROOM NIGHT

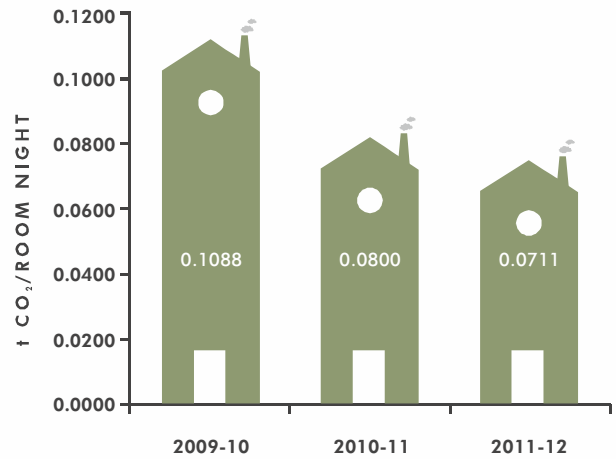


GREENHOUSE GAS EMISSIONS PER ROOM NIGHT FOR LUXURY, SAFARI, VIVANTA, GATEWAY AND GINGER HOTELS

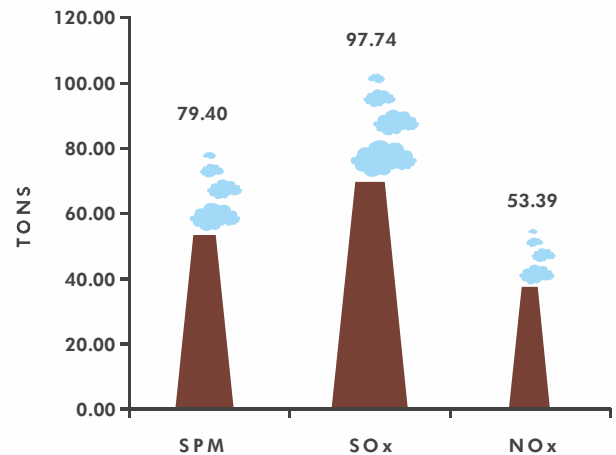
DIRECT GREENHOUSE EMISSIONS PER ROOM NIGHT



INDIRECT GREENHOUSE EMISSIONS PER ROOM NIGHT



AIR EMISSIONS IN 2011-2012



**WE HAVE UNDERTAKEN A NUMBER OF ENERGY OPTIMIZATION
AND EFFICIENCY MEASURES LIKE:**

Increasing capacitor banks to maintain power factor.

The utilization of building management systems (BMS) for automatic control of air-conditioning units in public areas.

Heating swimming pool water with the help of return steam from the laundry.

Replacing old light fittings with energy efficient ones.

Replacing halogen lamps with LED lamps.

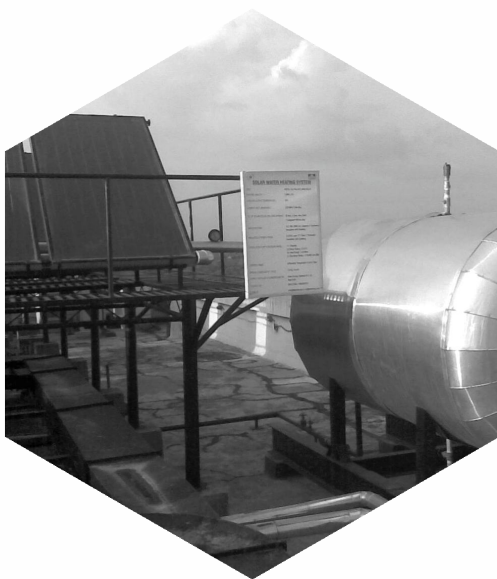
Installing occupancy sensors.

Installing humidity sensors in the laundry drier, thereby saving drying time.

Replacing older pumps with newer, energy efficient ones.

**ALL THESE INITIATIVES HAVE LED TO
ENERGY SAVINGS OF 300,946 GJ.**

HARNESSING ENERGY FROM THE SUN



We have focussed our efforts towards increasing the proportion of renewable energy component in our energy use. In 2011-12, 7.45% of our total energy consumption was from renewable sources, a 120% increase over previous year. Some of our hotels have tie-ups with wind and hydro energy providers and many generate their own solar energy. Solar energy is used in many of our hotels, namely:

NEW DELHI: TAJ MAHAL, TAJ PALACE AND VIVANTA BY TAJ, AMBASSADOR

MUMBAI: WELLINGTON MEWS

BANGALORE: TAJ WEST END

JODHPUR: VIVANTA BY TAJ, HARI MAHAL

HYDERABAD: VIVANTA BY TAJ, BEGUMPET

COCHIN: VIVANTA BY TAJ, MALABAR

CHENNAI: VIVANTA BY TAJ, FISHERMAN'S COVE

AHMEDABAD, NASIK AND SURAT: THE GATEWAY HOTELS

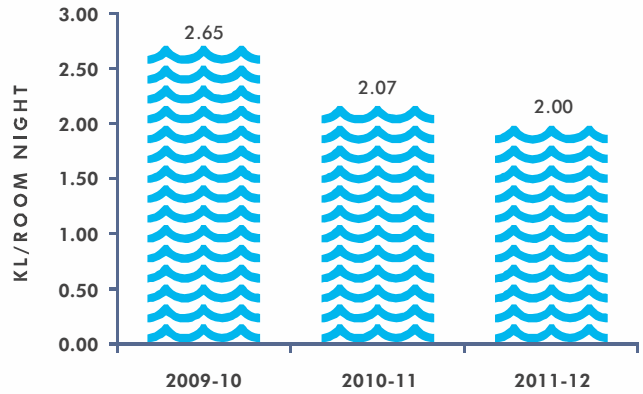
WATER MANAGEMENT



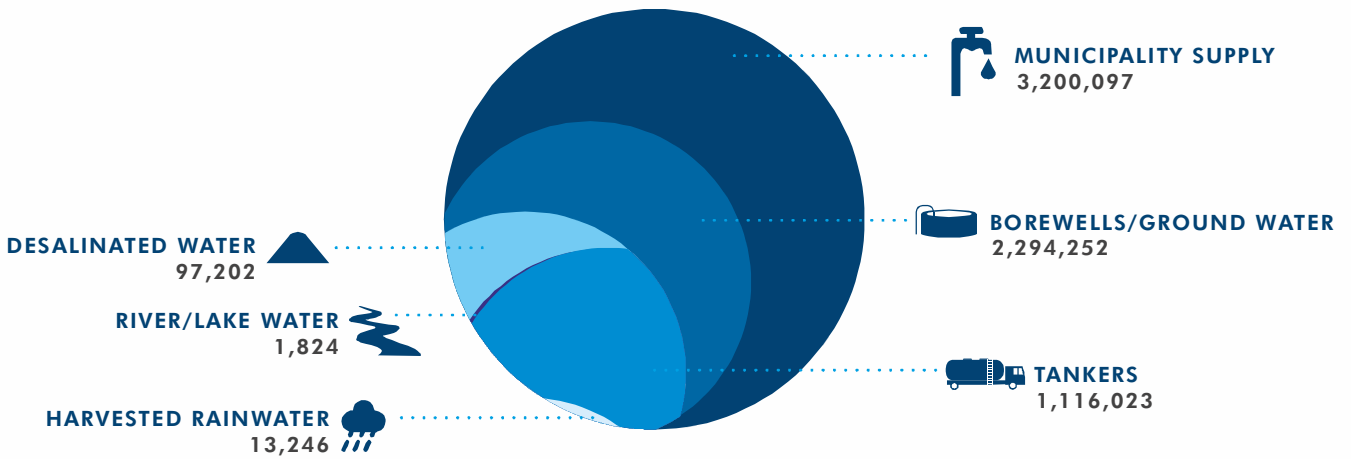
We work on effective water management through re-use, recycling and rainwater harvesting.

This year, we created 43,002 KL of rainwater harvesting potential across our hotel locations.

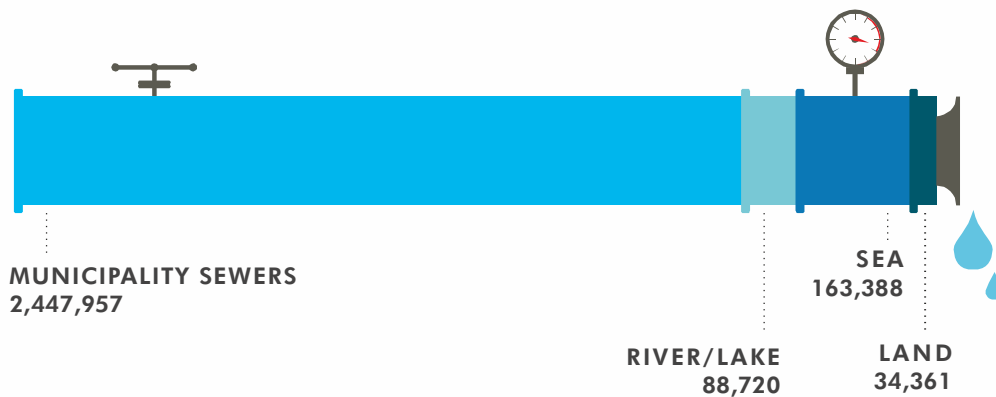
WATER WITHDRAWAL IN OUR HOTELS



WATER WITHDRAWAL BY SOURCE IN 2011-12 (KL)



WASTE WATER DISCHARGED BY DESTINATION (KL) 2011-2012



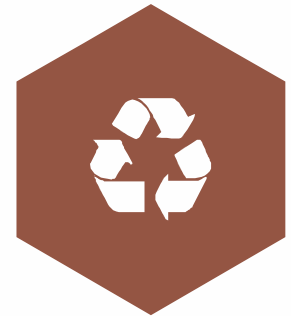
EVERY DROP COUNTS



The Gateway Hotel, Khajuraho has been active in rainwater harvesting as a part of its corporate responsibility towards environment protection. The project was initiated in 2008. Today, there are 18 rainwater harvesting pits spread across the hotel property. The project has helped increase the ground water level and this water is being used for cultivating vegetables, as well as for horticulture. Before this project, municipal water was being used for these purposes, thanks to rainwater harvesting, ground water is now utilized for the same. Additionally, the project has resulted in approximate savings of INR 0.24 million annually.

MATERIALS AND WASTE MANAGEMENT

We have taken steps to use eco-friendly materials, wherever possible. We use leaf plates and earthenware in order to minimize consumption of plastic and thermocol in many of our hotels. We also ensure that our waste is managed in an environment-friendly manner and all hazardous waste is disposed of to vendors registered with the respective State Pollution Control Boards. This year, 19 of our hotels undertook composting of food and horticultural waste, while 2 hotels have installed bio-gas plants. 11.2% of our organic waste was composted this year.



WASTE MANAGEMENT FOR A BETTER WORLD



Vivanta by Taj, Kovalam, Trivandrum, successfully started producing bio-gas in September 2009. All bio-degradable waste like food waste, dry leaves, grass cuttings, animal waste, paper, etc is processed to produce bio-gas (which typically contains methane, carbon dioxide and smaller quantities of other gases), used for cooking purposes. The bio-gas plant can process 500 kilograms of organic wastes and produces 40 cubic meter of gas per day (this is equivalent to a commercial LPG cylinder costing about INR 950 per day). The digested waste which is pushed out from this bio-gas plant is around 40 kgs per day which is used as manure in our own garden. The manure produced is of high quality and odourless.

COMMUNITY DEVELOPMENT



We cherish the symbiotic relationship that we share with our target communities.

Our CSR theme of '**BUILDING SUSTAINABLE LIVELIHOODS**' has emerged out of the confluence of United Nation's Millennium Development Goals, Prime Minister of India's Social Charter and our business core competencies.

We define our target communities based on societal challenges that we can contribute to, by extending business core competencies. Our target communities include:

- Less-privileged youth and women.
- Women self-help groups/income generation projects of NGOs.
- Indigenous artisans, culture groups/NGOs and networks promoting revival of traditional art and culture.
- Organizations/networks working for training and development of the differently-abled.

OUR KEY PROGRAMMES AND INITIATIVES INCLUDE:

HOSPITALITY SKILL TRAININGS FOR YOUTH WHO ARE SCHOOL DROPOUTS, FROM RURAL AREAS, BELOW THE POVERTY LINE, FROM SCHEDULED CASTES AND TRIBES AND THE DIFFERENTLY-ABLED.



We have set up over 30 skill training centres across locations in India, in partnership with reputed National NGOs, like-minded Corporates and Foundations, as well as with government ITIs. We have offered support in terms of curriculum design, awareness material for mobilizing village

youth, training of trainers, on-the-job training for students and joint certification. Our focus is on reaching out to the youth from remote areas who find it difficult to have direct access to market-relevant skill training which, in turn, leads to immediate employability.

HELPING PEOPLE HELP THEMSELVES

The team at The Gateway Hotel in Vadodara is driven to help the underprivileged as well as the differently-abled to live a sustainable life through a series of hospitality skill training workshops in partnership with local a Non-Profit Organization called Don Bosco Snehalaya. The candidates are not only happy to be working at a Taj Hotel, but also aspire to do more

for their family as well as for themselves. Babul, for example, is a differently-abled associate, who works in the Housekeeping Department and eagerly aspires to be a Housekeeping Manager some day. He was elected Partner of the Month in December 2011 for having returned guest money found while doing laundry.



Taj Club House, Chennai builds livelihood for differently-abled people; “I am in safe hands today”, says Rakesh, who works in the laundry department at Taj Club House, Chennai. Rakesh was born with a hearing disability in an underprivileged family. Prior to Taj, Rakesh worked part-time as a delivery boy at a restaurant, where he had a hard time making ends meet. Today, Rakesh is one of the key performers in the laundry department of the hotel. This is one such story among several others of differently-abled candidates, who have been trained and incorporated into the heart of the house at Taj Club House in Chennai.

Currently, the hotel has 10 differently-abled candidates, 5 of whom have been with the company for the past one year. Across all Taj Hotels, over 100 differently-abled youth have been trained through various skill training programmes.

PROMOTING INDIGENOUS ARTS, CRAFTS, CULTURE AND DEVELOPMENT OF THE LOCAL ECONOMY



We work towards facilitating awareness and revival of indigenous arts, enhance visibility and provide a platform for exhibition and sale of artefacts, performances by local artisans/craftsmen and culture troupes. We encourage purchase of 'quality' gift-

items, products for business-use from artisans, small-scale entrepreneurs and NGOs. We keenly support income-generation projects run by small-scale entrepreneurs, self-help groups, NGOs and facilitate product development and ancillary services.



Madhukar Gawai lives by the philosophy of 'Never giving up'. Madhukar is the man behind the beautiful Bidriware products that grace the lobby of Taj Residency, Aurangabad.

Bidri work, a long-forgotten tradition, which traces its origins to 2,000 years ago, first originated in Damascus, Syria. The tradition was introduced in India by the Mughals to the city of Bidar, after which, it flourished in cities such as Hyderabad and Lucknow. Today, an age-old custom is being kept alive by Madhukar, who came close to giving up Bidri work, a few years ago.

When Madhukar was having second thoughts about giving up his business, he was introduced to Paramparik Karigar, an NGO which works towards reviving art and craft in various locations around India. This preamble which took place in 2005 changed his life. Paramparik went on to introduce Madhukar to Taj Residency, Aurangabad, who gave him a counter in the lobby of the hotel to display and sell his products. Within a span of 3 years, Madhukar's earnings multiplied manifold and he now looks forward to a brighter future.

TRAINING AND SUPPORT FOR NUTRITION PROGRAMMES



We have developed training content on nutrition, cooking and personal hygiene, low-cost, delicious and diverse nutritious recipes for children in partnership with government and identified NGOs.

IMPACT OF KEY PROGRAMMES

We have trained and certified over 7,500 youth, since 2008, in partnership with NGOs and ITIs across identified locations in India, with more than 300 youth from Scheduled Castes and Tribes from remote areas. We have reached out to more than 100 differently-abled youth through skill training in our hotels.

We support income generation programmes of various NGOs and local self-help groups by sourcing articles for business use like table mats, newspaper bags, table napkins, shoe bags, mops, candles, pickles, cafeteria snacks, gift items for guests/associates and other daily consumables.

OUR HOTELS AND OFFICES ACROSS THE COUNTRY HAVE SOURCED GOODS WORTH INR 200 MILLION FROM CAUSE-BASED ORGANIZATIONS OVER THE LAST 3 YEARS.

We also support indigenous artisans and culture troupes by providing a venue for showcasing artefacts,

organizing performances, procuring guest gift items and so on.

OUR PALACES, RESORTS AND HOTELS SUPPORT OVER 300 ARTISANS AND CULTURE TROUPE MEMBERS, YEAR AFTER YEAR.

We have also partnered with Integrated Child Development Scheme, Government of Maharashtra, selected anganwadis (crèches) in our neighbourhoods as well as NGOs working on supplementary nutrition programmes to train crèche workers and mothers in food diversification, cooking and personal hygiene

We recognize the potential of our 'connect' with discerning national and international clientele and the opportunity to drive ideas and initiatives for 'Sensitive Hotel-Stays'. We have initiated projects related to bee-keeping, single origin honey harvesting, organic kitchen gardening and continue to facilitate nutritional support programmes in identified areas.

PROMOTING BIO-DIVERSITY THROUGH BEE-KEEPING

Bee-keeping or apiculture is defined as the maintenance of honey-bee colonies in an organized and scientific manner to promote pollination, bio-diversity and to collect honey and other related products. In partnership with a local resource organization called Under The Mango Tree, Taj Safaris lodge near Bandhavgarh, Madhya Pradesh took up this initiative with a view to promote and revive the tradition of barter system, where the honey-bees get a protected environment for their growth and in return, help the farmers improve their crop yield and produce honey as a by-product.

The Bee-keeping initiative was undertaken in 3 neighbouring villages with 27 beneficiaries receiving training and a total of nine active bee-boxes. Farmers such as Mastram Baiga who used to earlier break open the hives for honey have learnt that with training, they can domesticate bees, just as they domesticate cows and other farm animals. Bablu Singh Gond, a farmer from the village of Dobha bordering Bandhavgarh National Park says, “The entire village comes all the way to my backyard to have a look at the bee-box. All of them are keen to participate in the training so that they can keep their own boxes.”

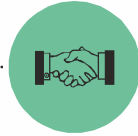


TOWARDS A SMOKELESS ENVIRONMENT

According to the Forest Department, Madhya Pradesh consumes fuel wood worth approximately INR 25 million. Fuel wood is also a major cause of accidental encounters between man and wild animals. Therefore, Taj Safaris encouraged nearby villages to replace traditional stoves with smokeless ones. A traditional stove has only one burner, it consumes a lot more fire wood and is also unhealthy for the womenfolk as they inhale a lot of smoke in the process. The smokeless stove makes space for two burners and therefore, two items can be cooked at the same

time without using any additional fuel wood. The hand blower pumps the required air to keep the fire burning and maintain the required temperature for cooking. The conduit pipe acts as an exhaust for the stove. This is a boon for the womenfolk who faced respiratory problems with the smoke released from the traditional stoves. The initial figures are highly encouraging; consumption of fuel wood has gone down by as much as 40-45% with a significant reduction in cooking time, while also ensuring a far healthier, smokeless environment.

TAJ PUBLIC SERVICE WELFARE TRUST



The Taj Public Service Welfare Trust was established immediately after the Mumbai 26/11 terror attack in 2008. As in the previous years, the Trust continues to receive unstinting support from well-wishers in India and abroad. The Trust has actively extended its help and support to the victims of terror and natural calamities.

26/11 TERROR ATTACK VICTIM REHABILITATION

The focus was on long-term rehabilitation initiatives like support for micro-enterprise or to impart a vocational skill whereby the affected family can become self-sustainable. Apart from this, ongoing support with monthly sustenance, education and medical assistance continues to be provided.

13/7 MUMBAI BOMB BLAST VICTIM REHABILITATION

On 13th July 2011, bomb blasts occurred in Dadar, Zaveri Bazaar and Opera House areas in Mumbai. The Trust immediately responded and is today working with 149 families and supporting them with programs like monthly sustenance, medical re-imburement, education and prosthetics support. The Trust will soon introduce measures to impart hospitality/related skill training and endeavour to make these affected families self-sustainable.

INDUSTRIAL TRAINING INSTITUTE (ITI) LONAVALA

Man-made/natural calamities can occur without warning. Dependents of the victims of such calamities are left to face the consequences long after such incidents. The Trust was keen to provide a long lasting means of extending support to those affected families in making them economically independent.

Towards this, The Trust planned to partner with ITI Lonavala to set up a state-of-the-art Centre of Excellence (COE) for Hospitality with support from the government of Maharashtra and the World Bank under the Public Private Partnership scheme. This will include hostel/residential facilities for 50 youth.





HELPING UNSUNG HEROES OF THE NATION

In September 2011, the Taj Palace hotel in Delhi conducted a charity fund raising event called 'Black Tie'. Various corporates supported the event and INR 2.2 million thus got raised. In consultation with Army headquarters in Delhi, it was decided that this fund be used to support jawans (soldiers) of the Indian armed forces who have become paraplegic in the line of duty. This fund will support their needs like higher education for their children, setting up of a micro enterprise to become self sustainable and athletic

training. As there are more jawans whose needs have yet to be met, Black Tie will now be an annual fund-raising event.



SUPPORTING VICTIMS OF THE SUNDERBANS FLOOD

The Trust has initiated work to support families affected by natural disasters in the Sunderbans region of West Bengal, by restoration of their livelihood options.

HELPING SHAPE A BETTER LIFE



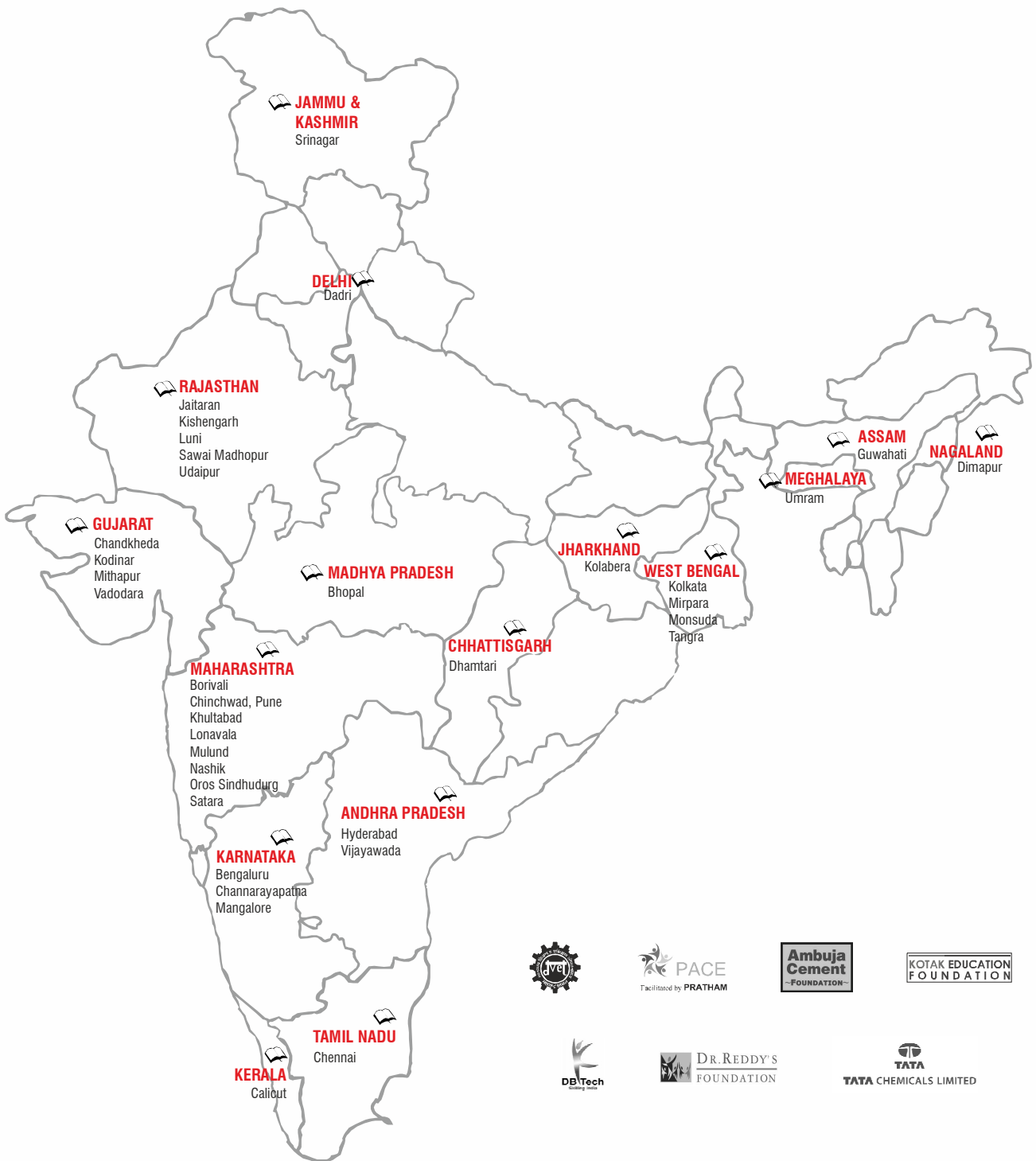
"I am very happy here. I love working at The Gateway Hotel, Vadodara. I've learnt a lot here."

-Surinder

Communicated in sign language, since Surinder is hearing and speech impaired.

TAJ CORPORATE SOCIAL RESPONSIBILITY PARTNERSHIPS

BUILDING SUSTAINABLE LIVELIHOODS



UNGC CONTENT INDEX



| UNGC PRINCIPLE | NAME OF THE SECTION |
|---|---|
|  <p>HUMAN RIGHTS</p> <p>PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>PRINCIPLE 2: Make sure that they are not complicit in human rights abuses.</p> | <p>Corporate Governance</p> <p>Corporate Governance</p> |
|  <p>LABOUR</p> <p>PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>PRINCIPLE 4: The elimination of all forms of forced and compulsory labour.</p> <p>PRINCIPLE 5: The effective abolition of child labour .</p> <p>PRINCIPLE 6: The elimination of discrimination in respect of employment and occupation.</p> | <p>Employee Welfare</p> <p>Employee Welfare</p> <p>Employee Welfare</p> <p>Employee Welfare</p> |
|  <p>ENVIRONMENT</p> <p>PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges.</p> <p>PRINCIPLE 8: Undertake initiatives to promote greater environmental responsibility.</p> <p>PRINCIPLE 9: Encourage the development and diffusion of environmentally friendly technologies.</p> | <p>Environment Management</p> <p>Environment Management</p> <p>Environment Management</p> |
|  <p>ANTI-CORRUPTION</p> <p>PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p> | <p>Corporate Governance</p> |

GRI CONTENT INDEX



| SECTION NAME | INDICATORS COVERED | FURTHER COMMENTS |
|-------------------------------|---|---|
| STATEMENT FROM MD | 1.1, 1.2 | |
| COMPANY PROFILE | 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 3.1, 3.6, 3.7, 3.8, 4.12 | 2.8 – Aspects of scale are addressed in relevant sections of the report 3.2 – Our previous report was for the financial year 2010-11 3.3 – Reporting cycle is annual 3.9 – Assumptions made, if any, are mentioned in relevant sections of the report 3.10 – Restatements are explained wherever applicable 3.11, EN27, SO10 – Not applicable 3.5, 4.13 – 4.17, SO5 – Please refer IHCL Corporate Sustainability Report 2010-11 for further information. |
| STRATEGY AND ROADMAP | | EC1 – EC4 – Information is available in our Annual Report 2011-12. EC7 – While we do not have a specific policy on local hiring, we do prefer to employ persons from the communities in which we operate |
| CORPORATE GOVERNANCE | 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10 | |
| EMPLOYEE WELFARE | LA1, LA2, LA7, LA10, LA8, HR3 | LA15 – In 2010-11, 340 employees availed parental leave of which 279 returned to work, and 143 continue to work in our organization LA4 – All our employees have the freedom of association and collective bargaining LA5 – We follow all laws of the land regarding notice periods for significant operational changes LA14 – We are an equal opportunity employer, and everything else being equal, the ratio of salaries of men to women is 1:1 HR1 – All our investment contract mandate adherence to the TCoc which includes clauses on human rights HR2, HR10 – While none of our operations have been screened for human rights assessments, all our hotels and suppliers are mandated to follow the TCoc which includes clauses on human rights HR5 – None of our suppliers have been identified as those prohibiting the freedom of collective bargaining HR6, HR7 – All our hotels prohibit the employment of child labour and forced labour. All employees, including contract employees, are screened to ensure that no child is employed in our premises HR4 – There have been no incidents of discrimination reported in the reporting year HR11 – There have been no grievances related to human rights filed in the reporting year |
| ENVIRONMENT MANAGEMENT | 4.11, EN3, EN4, EN8, EN16, EN20, EN21, EN22, EN26, EN11, EN12, EN13, EN14, EN15 | EN1, EN2 – Being a service industry, we do not have a final product that we produce. Hence, these indicators are not applicable to us EN17 – Partially reported EN19 – We used 392 kgs of ODS in the year for HVAC purposes EN23 – There were no significant spills (spills greater than 159 litres or one barrel) in the year EN28, SO8, PR9 – There were no monetary or non-monetary sanctions levied on us in the reporting year for any non-compliance with laws and regulations |
| COMMUNITY DEVELOPMENT | EC8, SO1, EC6 | SO9 – During our studies in and around our locations of operation, we did not come across any potential or actual negative impact on local communities due to our presence SO3 – All our employees are trained on the TCoc, which includes clauses on anti-corruption SO4 – No incidents of corruption were reported in 2011-12 PR1 – Considering that we are in the hospitality industry, we continuously monitor the safety and air quality of our hotels to ensure the safety of our guests and employees PR3 – We follow all laws of the land regarding service information required PR6 – We adhere to all mandates of the Advertising Standards Council of India regarding our marketing communications |
| GRI INDEX | 3.12 | |

Detailed information on these indicators is available in our Annual Report 2011-12. The link to the same is: <http://www.tajhotels.com/About-Taj/Investor-Relations/Annual-Reports.html> The IHCL 2010-11 Corporate Sustainability Report can be accessed here: <http://www.tajhotels.com/About-Taj/Company-Information/8th-Corporate-Sustainability-Report.pdf>

INDEPENDENT ASSURANCE STATEMENT ON INDIAN HOTELS COMPANY LIMITED'S 2011-12 COMMUNICATION ON PROGRESS

KPMG India was engaged by Indian Hotels Company Limited ('IHCL', 'the Company') to provide assurance on IHCL's 2011-12 Communication on Progress ('the Report') on the ten principles of United Nations Global Compact (UNGC).

WHAT WAS INCLUDED IN THE SCOPE OF OUR ASSURANCE ENGAGEMENT?

The scope of assurance covers data and information on IHCL's approach towards and performance on upholding the ten principles of the UNGC presented in the Report for the financial year 2011-2012.

WHICH ASSURANCE STANDARDS DID WE USE?

We conducted our work in accordance with ISAE 3000 {"Limited Assurance" requirements of ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information by International Federation of Accountants' (IFAC) International Standard for Assurance Engagements}. 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 have relied on the information provided by the hotels and have only studied the consolidation of the data for accuracy. 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:

- IHCL is governed by the Tata Code of Conduct (TCoC). The TCoC provides the guidelines by which IHCL conducts its business and also enacts the seven principles of the UNGC in the areas of human rights, labour standards and anti-corruption
- IHCL's SHE committee has Board level representation and is responsible for all key decisions related to upholding the three principles of the UNGC in the area of environment management
- IHCL has processes in place to collect, collate and monitor performance data related to the implementation of the ten principles of the UNGC
- IHCL has mapped the contents of the Report to relevant parameters of the GRI G3.1 Guidelines and has also created a separate GRI content index which is updated on the website. The information provided and indicators addressed are aligned to the requirements of "A+" Application Level of the GRI G3.1 Guidelines

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:

- 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 for the sites visited
- A review of the draft Report to ensure there are no disclosures that are misrepresented or inconsistent with our findings
- Conducting visits to domestic hotels and conference calls with international hotels as follows:

SITE VISITS:

Agra - The Gateway Hotel, Fatehabad Road

Bangalore - Taj West End, The Gateway Hotel - Residency Road, Vivanta by Taj - M G Road

Chennai - Taj Club House, Taj Coromandel, Vivanta by Taj - Fisherman's Cove, Vivanta by Taj - Connemara

Mumbai - Corporate Office - IHCL, Corporate Office - Ginger, Taj Mahal Palace, Taj Lands End, TajSATS, Taj Wellington Mews, Vivanta by Taj - President

New Delhi - Ginger - Vivek Vihar, Taj Mahal, Taj Palace Hotel, TajSATS, Vivanta by Taj - Ambassador

CONFERENCE CALLS:

Malaysia - Rebak Island Resort, Langkawi

Maldives - Vivanta by Taj - Coral Reef

South Africa - Taj Cape Town

USA - Campton Place, San Francisco

RESPONSIBILITIES

The Management of IHCL is responsible for preparing the Report and the information and statements within it. The Board is responsible for defining commitments with respect to 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 multi-disciplinary 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

29th August, 2012

NEW HOTELS LAUNCHED IN 2011-12

THE GATEWAY HOTEL GIR FOREST, SASAN GIR



VIVANTA BY TAJ - DAL VIEW, SRINAGAR

NEW HOTELS LAUNCHED IN 2011-12

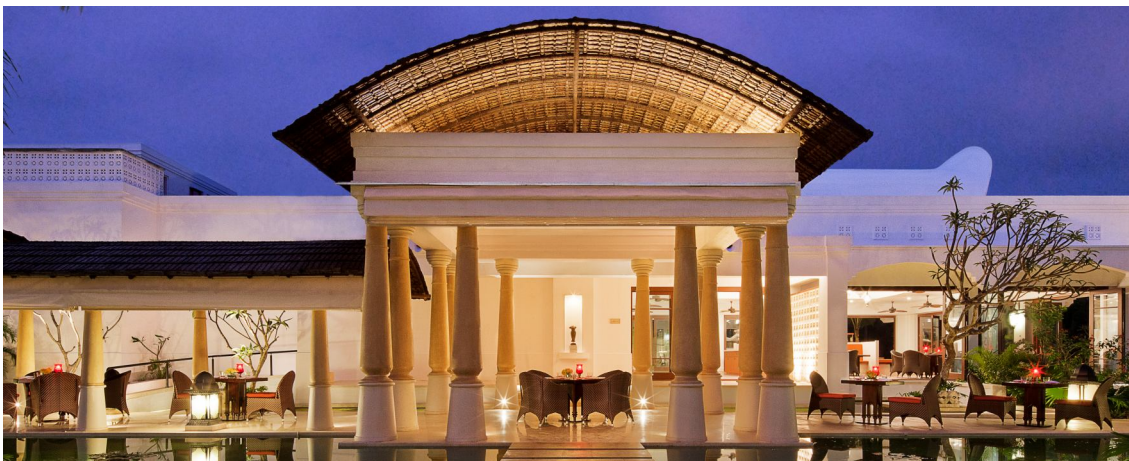
VIVANTA BY TAJ - SURYA, COIMBATORE



VIVANTA BY TAJ - BEGUMPET, HYDERABAD



VIVANTA BY TAJ - YESHWANTPUR, BANGALORE



VIVANTA BY TAJ - BEKAL

Indian Hotels Company Limited (IHCL) is a member of United Nations Global Compact, a UN initiated network mobilizing business and organisations for a sustainable world. This report serves as our Communication on Progress on how we have fulfilled our commitments to the ten principles of the United Nations Global Compact in the year 2011-12.

We have also mapped this report to the Global Reporting Initiative (GRI) G3.1 guidelines.

COVER THEME

At The Indian Hotels Company, we nurture the culture of going beyond the numbers.

Our theme for this report is an attempt to reflect the very heart and spirit of what makes the Taj; our rich legacy of business for a purpose, our committed people, monumental structures, the fine art of hospitality, our passion for transcending standards, our pioneering strides in food and beverages and the intricate fabric of what makes Taj what it is today and what it strives to be.



We welcome feedback on our 2011-12
Communication on Progress. Please contact:

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