

A LEGACY OF TRUST

1903...



CORPORATE SUSTAINABILITY REPORT 2008 - 09

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The promise of the “Taj Experience”

In an ever-shrinking world, brands cross borders to offer homogenous experiences and a sense of familiarity across the globe.

At the Taj, we imbibe local ethos and seek to differentiate ourselves with a variety of experiences as our influence travels to newer locales, cuisines and cultures.

It is this distinctiveness that makes us who we are today, a leader in hospitality that is fast imprinting its particular brand of charm on the rest of the world.



10
countries



97
properties



11,508
rooms



23,34,120
room nights



21,812
associates



2,79,820
tons CO₂ eq.



5.91
million cubic metres



The journey for the Indian Hotels Company Ltd. (IHCL) began under the umbrella brand 'Taj Hotels Resorts and Palaces'.

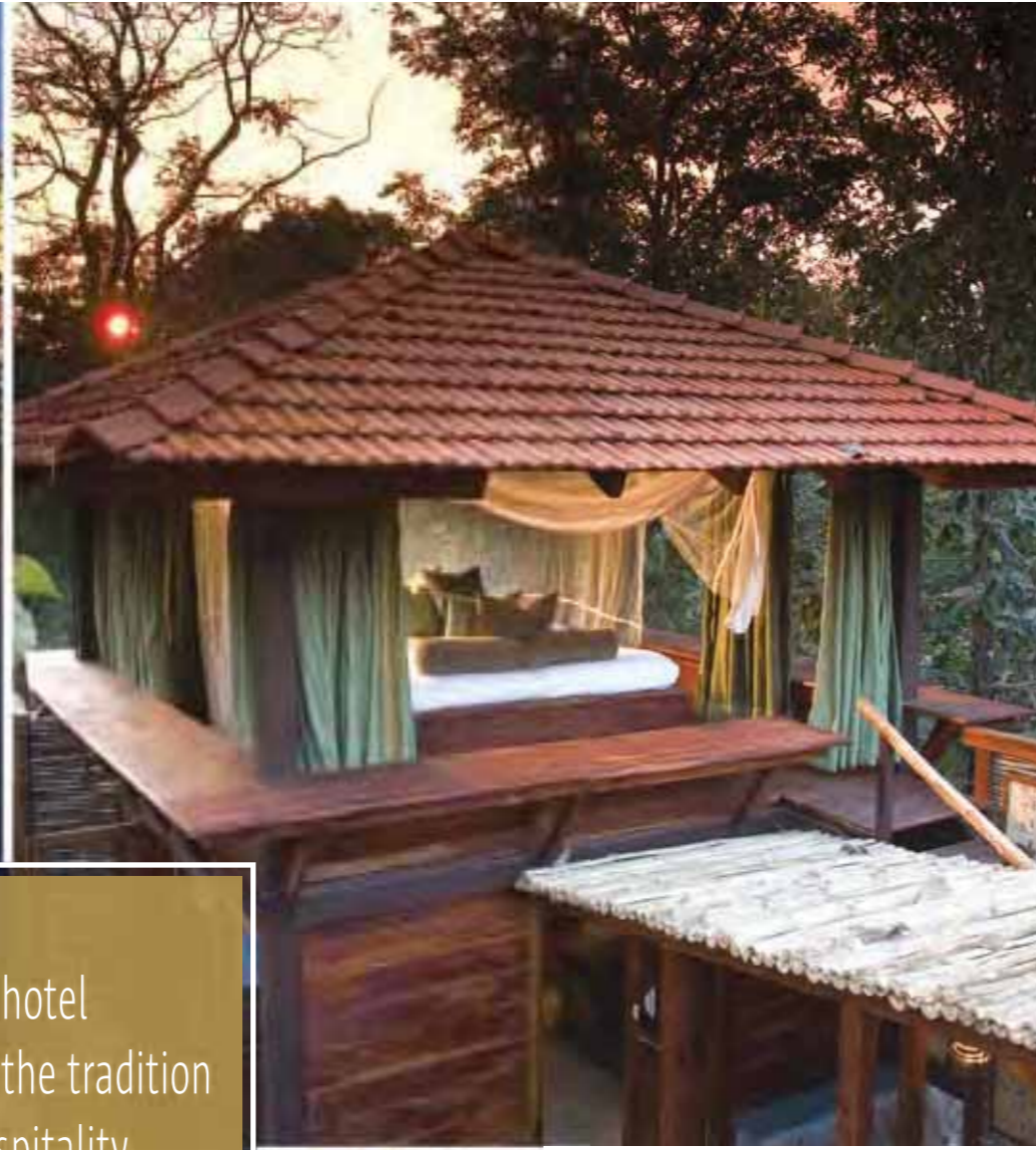
Over the years, Taj has cultivated the highest brand recall in the hospitality industry, through quality infrastructure and high brand standards with the objective of providing best-in-class services to our guests – collectively referred to as the 'Taj Experience'. This brand equity is further strengthened by the ownership and backing of the TATA group that has varied business interests across the globe, commanding a high credibility in the industry and in society.

Today, the Taj brand stands as the largest hotel chain in South Asia, encompassing 97 hotels with more than 11,400 rooms and 280 Food & Beverage (F&B) outlets. The hotels are either directly owned, under management contract or owned by IHCL's associate companies and partners. They are located in key business and leisure destinations in India and include the largest portfolio of rare and authentic palaces. In addition to its pan India presence, IHCL also has hotels in the US, Australia, Maldives, Malaysia, the UK, Sri Lanka, Africa and the Middle East.

The promise of “Luxury”

The Luxury hotels, resorts and palaces collectively form our flagship brand. It caters to the world's most discerning travellers, for whom luxury is a way of life.

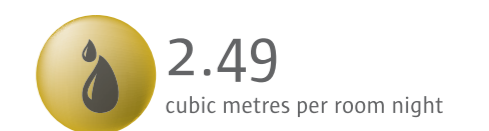
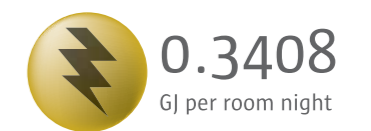
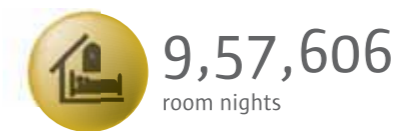




Each hotel reinterprets the tradition of Indian hospitality in a refreshingly modern way, to create unique experiences



They have come to trust our luxury properties for the levels of authenticity and sophistication they seek. This range of hotels spans world renowned landmarks, modern business hotels, idyllic beach resorts, authentic palaces and safari lodges. Each hotel reinterprets the tradition of Indian hospitality in a refreshingly modern way, to create unique experiences and lifelong memories that ensure emotional connections. The hotels are defined by a clearly differentiated product philosophy and service design, aimed at discretion and intimacy. They are centred on high-end accommodation and an environment that allows guests unrivalled comfort and privacy. They define a sensibility of intimate design with their varied and eclectic culinary experiences, impeccable service and authentic Indian Spa sanctuaries. Taj Safaris – also part of this brand segment – provide unique wilderness experiences in an environment that is both, luxurious and in tune with nature. The international portfolio of Luxury hotels includes properties in the Indian Ocean, the Middle East, Africa, the UK, Australia and signature properties in the US.



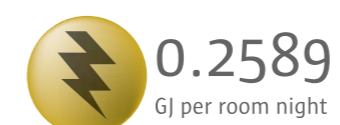
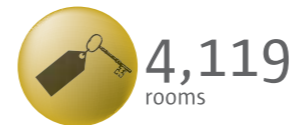
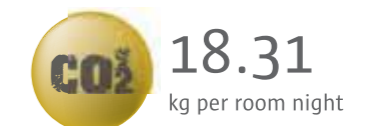
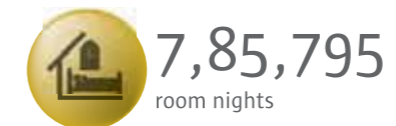
The promise of “Sophistication”

Premium hotels provide a contemporary and creative hospitality experience that matches the work-hard play-hard lifestyle of the new-generation traveller. Stylish interiors, innovative cuisine, hip bars and a focus on technology set these properties apart. There are international properties under the Premium segment as well.





Stylish interiors,
innovative cuisine, hip bars and
a focus on technology.





The Gateway Hotels
are divided into
seven zones -
Stay, Hangout,
Meet, Work, Workout,
Unwind and Explore.



The promise of

“Fun, Freedom & Flexibility”



The Gateway Hotel brand was launched in September 2008, and comprises upscale, full-service hotels and resorts. Spread across India, they cater to a new breed of business and leisure traveller with a product that has been designed keeping the modern nomad in mind. The Gateway Hotels are divided into seven zones - Stay, Hangout, Meet, Work, Workout, Unwind and Explore, in line with the brand philosophy of keeping things simple and flexible. These hotels have round-the-clock services and menus that work around the guests' schedules, enabling them to take advantage of what every day has to offer, with a focus of creating sanctuaries that refresh, refuel and renew. The Gateway Hotels also focus on healthy living, fitness and health consciousness with instructional videos on yoga, 24 x 7 accessible branded fitness centres and Active Foods, a culinary concept that concentrates on fresh, high-energy, natural foods.



23
properties



1,590
rooms



2918
associates



18.10
kg per room night



1
country



3,57,391
room nights



0.2744
GJ per room night



2.14
cubic metres per room night

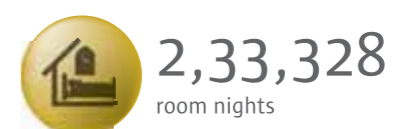
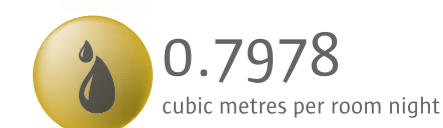
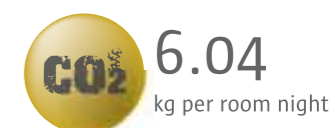
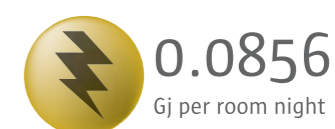
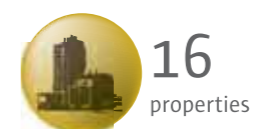




**The promise of
"Smart Basics"**



Roots Corporation Limited (RCL), a wholly-owned subsidiary of IHCL operates Ginger – the first-of-its-kind category of Smart Basics™ hotels in India. Built around a unique concept of providing superior product offerings and a consistent experience to travellers at affordable rates, Ginger hotels have created a new category in the domestic hospitality landscape, providing a major fillip to Indian tourism and ancillary industries. This year, operations commenced at seven new Ginger hotels at New Delhi, Ahmedabad, Panaji, Ludhiana, Mangalore, Pant Nagar and Durg; apart from the existing ones at Bangalore, Haridwar, Bhubaneshwar, Mysore, Trivandrum, Pune, Durgapur, Nashik, Agartala, Pondicherry, and Baroda. In addition, projects at Guwahati, Jamshedpur, Wakad, Chennai, and Surat will soon commence operations. Management contracts have also been signed for hotels in Manesar, Agra, Jaipur, Katra, Lucknow, and Tirupur.



The promise of “Wellness”



Treatments

are designed on the rich and ancient heritage of India, the fabled lifestyle and culture of Indian royalty and the healing therapies that embrace Indian spirituality



17
spas



4
countries



74,487
treatments



282
associates

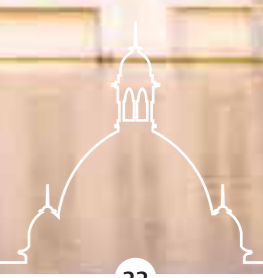




Jiva Spa is an exquisite chain of spas based on India's ancient approach to wellness. Treatments are designed on the rich and ancient heritage of India, the fabled lifestyle and culture of Indian royalty and the healing therapies that embrace Indian spirituality. An eco-sensitive brand, Jiva Spa concentrates on the use of natural spa products containing Indian herbs, pure essential oils, lipids, clays, mud, salts, flower waters, organic linen, and eco-friendly toxin-free pottery. This year, the Jiva Spa boat was launched at the Taj Lake Palace, Udaipur – a revolutionary spa experience that combines the splendour of the Lake Palace, the royal traditions of the House of Mewar and the rejuvenating experiences of the Jiva Spa. Special spa treatments were introduced for corporate guests who are short on time but require relaxation. The spa at Taj Umaid Bhavan Palace, Jodhpur is a member of 'The Leading Spas', USA.



The Jiva Spa boat at the Taj Lake Palace, Udaipur





Taj Khazana is a chain of exclusive boutiques in select hotels at Delhi, Chennai, Kolkata and Goa. Positioned as 'Heritage Chic', Khazana helps keep the unique handicrafts of India alive. Its shelves are lined with hand-carved artefacts in sandalwood, pure silver and marble from different parts of the country. The boutique also offers elegant, ethnic designer wear, hand-woven and hand-embroidered fabrics, saris, silks, stoles and accessories from various Indian states. Khazana's jewellery range is an extensive collection of precious Indian ethnic jewellery, comprising pieces selected for their exclusivity and authenticity. Khazana also works with some of the artisans directly or through organisations like Paramparik Karigar (a promoter of the traditional arts and crafts of India) to give these craftsmen a platform to showcase and market their products. Ethnic art in the form of wall coverings, paintings on a variety of surfaces – including canvas, acrylic and stone – as well as a collection of modern art by well-known Indian artists, is also on offer. Besides these home collectibles, Khazana features a range of hard and soft furnishings – from hand-carved silver furniture to the finest hand-knotted carpets from Kashmir.

The promise of “Heritage”

Khazana's jewellery range is an extensive collection of precious Indian ethnic jewellery, comprising pieces selected for their exclusivity and authenticity

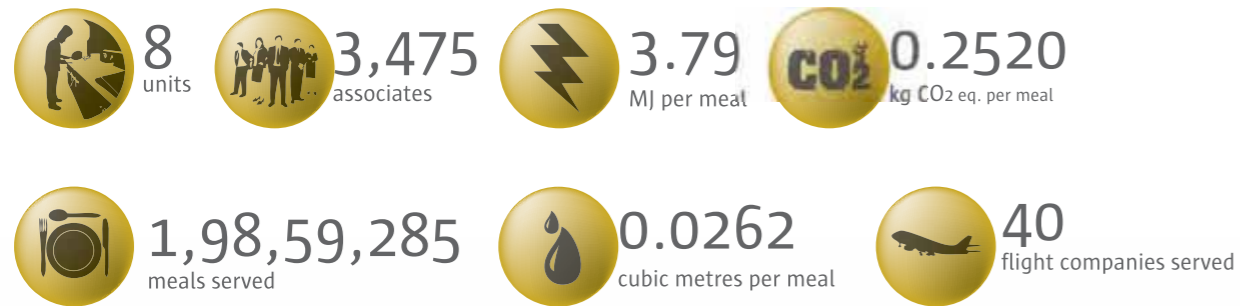


6
boutiques



1
country





TajSATS Air Catering Ltd. is a joint venture between the Indian Hotels Company Ltd. and Singapore Airport Terminal Services (SATS). It is one of the major airline catering companies across the globe, providing in-flight catering, managing airport lounges, undertaking airline services like aircraft cleaning, laundry, airline bonds, catering ramp handling, institutional catering, outdoor catering, and corporate gifting. Taj SATS has operational units at Mumbai, Delhi, Chennai, Kolkata, Amritsar, Goa and recently commenced operations in Bangalore. As part of its pan-India expansion plan, units have been planned in Nagpur, Ahmedabad, Calicut, and Cochin. The facility at Chennai also manages a restaurant through a joint venture with Malaysian Airlines. Taj SATS focuses on creating an affinity with our customers and strengthening our relationship by delighting them at every point of interaction. To ensure safe and hygienic meals, all units are equipped with state-of-the-art facilities, refrigerated hi-loaders and in-house microbiological laboratories.



Taj SATS focuses on creating an affinity with our customers and strengthening our relationship by delighting them at every point of interaction

The promise of taste and

“Delight”





The Taj landscape

8 Strategic Divisions | 97 Hotels | 60 GRI indicators
10 UNGC Principles | A GRI Application Level

This is Indian Hotel Company Limited's (IHCL's) sixth sustainability report covering the Luxury – India, Luxury – International, Premium, Gateway, Ginger, TajSATS, Jiva Spa and Khazana brands. Our last report was published in 2006-07, and covered the erstwhile Taj Luxury – Domestic, Business and Leisure brands. We concentrated on creating systems and processes to ensure reporting from all brands and took a sabbatical in 2007-08.

This report uses the GRI G3 Guidelines for Sustainability Reporting and ten principles of the United Nations Global Compact.





Measurement of dependability

We are committed to continual improvement and innovation - be it in guest experience, employee motivation, environmental protection and societal interventions. We will continue to invest in enhancing “The Taj Experience” through responsible business practices.



Measurement of
dependability

27

27 hotels having ISO 22000 certified food safety management systems

3

3rd amongst 230 companies in the 'Hewitt Best Employer of the Year Survey 2009'

21

21 hotels having ISO 14001 certified environmental management systems

47

47 hotels having achieved the Green Globe 'Bronze' certification

9

9 hotels having achieved the Green Globe 'Silver' certification

45

45 differently abled people working with IHCL

13

INR 13 million spent towards 'Building Livelihoods' projects

1:30

1:30 ratio of certified Taj departmental trainers to associates

100

100 percent recycling of e-waste through an authorised recycler

16

16 hotels have OHSAS 18001 certification





Statement of trust

A statement from our Managing Director



Statement of trust



“ The 26/11 attacks on the city of Mumbai planted within us the seeds of determination. A determination to do our part not only for those affected that fateful day but also for all those who may need help recovering from what the world throws at them in the future. ”

Hospitality is an art form that has been perfected at the Taj since its founding in 1903. Through the years, generations of people have contributed their best in building the Taj Hotels Resorts and Palaces, setting enduring exemplars of personalized care and superlative service. Even today, it is her people who make the difference to the Taj way of life. The horrific terror attack on the iconic Taj Mahal Palace & Tower, Mumbai on November 26, 2008 has demonstrated that at the Taj there lives a service philosophy underlined by an unconquerable sense of duty with elegance. Amidst the mind-numbing tragedy, what stood like a beacon is the indomitable spirit and strength of character displayed by our associates, which has emerged as an embodiment of Brand Taj. The countless accounts of selflessness and courage affirm that the edifice of the Taj is her people for whom hospitality comes from the heart. And it is this spirit of the Taj that has, over the years, forged enduring relationships with her guests and stakeholders, building an emotional connect, earning their trust, and engendering loyalty.

The Taj spirit is a luminous legacy that has come from the benevolent vision of the founder Jamsetji Tata—of giving back to the community what we earn, which has evoked trust among our guests, employees, shareholders and the community. And we have achieved this by driving growth through excellence and innovation, leadership with trust and fair play, while balancing the interests of our stakeholders and the community.

In our previous sustainability report we demonstrated how we have integrated our sustainability business agenda and upheld our trend of responsible competitiveness while maximizing shareholder value. We have taken a quantum leap on several parameters this year and expanded the scope of the report to include four strategic business units: Luxury – International, Luxury – India, Premium, and The Gateway Hotels and our other brands and allied businesses including Ginger, Jiva Spa, Taj Khazana and Taj SATS.

We believe that a brand must be built on ethical engagement, be it with the customer or the society, and re-affirm our commitment to “Responsible Business Practices”.

Over the years, we have witnessed a growing awareness and keen interest among our investors, clients and employees with respect to sustainability of our existing business processes and our commitment towards our future generations. To address these interests and expectations, we have revisited our strategy and defined six focus areas for our Sustainability Report for 2008-09:

- Safety and Security
- Customer Expectations
- Environmental Stewardship
- Attract and Retain Talent
- Optimize Revenues
- Build Sustainable Livelihoods

We are a learning organization, committed to continual improvement and innovation. We ensure our commitment to Business Excellence and process effectiveness through regular internal and external assessments based on the ‘Tata Business Excellence Model’, which is modelled on the Malcolm Baldrige parameters.

We aim to continue creating unique brand experiences, exceed customer expectations, and build relationships to nurture brand loyalty and optimize revenues while enhancing our processes and services to surpass global hospitality benchmarks. The sustainability ethos is at the center of our business ethic and fabric. More and more guests, today, desire a ‘low impact’ hotel stay, reflecting their increasing eco-consciousness. Many of our hotels are on their way to attaining Zero waste water discharge and have sustained partnerships for responsible recycling of waste. We are developing green infrastructure and practices from the planning stage for all our upcoming hotel projects. Our goal is to offer 5% of our hotel rooms as eco-friendly rooms. All our hotels will be Green Globe certified by the end of 2009. Nine of them have already achieved Silver certification in the first attempt. We are working towards moving all our hotels to Green Globe Silver and Gold certification and also have all our hotels ISO 14001 certified by 2011.

Our people are our most valued asset. We understand that our associates are effectively the face of our ‘brand’, and our brand comes alive each time they interact with our guests. We continually train our associates in business competencies and dynamic best practices in our industry through structured learning and development programmes to keep them abreast with the latest in our industry.

Following the November 26, 2008 terror attacks, we witnessed an outpour of emotional support, both for the restoration of the hotel as well as support for those affected by the attack. In response, we set up the Taj Public Service Welfare Trust to provide immediate support to anyone

affected by acts of terror and other disasters. We have made substantial investments in infrastructure and training programs for enhancing the levels of safety and security in our hotels.

In our previous report we introduced our focus on sustainable livelihoods as our Corporate Sustainability theme. We have carried forward this theme and aligned and integrated our efforts to forge Private-Public Partnerships for skill development to address contemporary societal needs. Leveraging our core strengths in hospitality, we have successfully worked with the Indian government to create a practical, scalable model for addressing challenges of malnutrition in children. Our efforts towards providing a platform for indigenous artisans and local cultural troupes to showcase their art are enhanced and consolidated further this year. All our community projects are focused around our key strengths in food production, kitchen management, housekeeping, customer service and spas.

While the current global downturn and the terror attacks on tourist destinations may dampen the travel and tourism industry, we believe that the overwhelming desire of people to travel, to discover new destinations and learn about various cultures will overcome this temporary lull.

I would like to thank all our stakeholders, including our associates for their interest in, and commitment to, sustainable business practices. I appreciate and acknowledge their sincerity and readiness to adopt sustainable and socially responsible practices. I am proud of the way we continue to embrace the sustainable development mindset and am sure this will serve us well, going forward.

Raymond N. Bickson
Managing Director & CEO





Our moral
fibre

Principles that guide us in everything we do



Our moral fibre



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 reviewed by the board

Two way communication through town halls, customer, partner, investor and supplier meets

Passion for excellence

Driving business excellence throughout operations

Benchmarking performance

Process orientation through Enterprise Process Model

Introduction of Taj Awards for Business Excellence

Exceed expectations

Recognizing participation in cross functional teams

Creation of the Special Thanks and Recognition System

Implementation of stakeholder feedback

Performance management systems

Innovation

Participation in product and service design and development

Launching of new products and services

Process excellence through innovation

Sense of urgency and accountability

Delegation of authority and empowerment

Creation of crisis management task forces

Creation of Critical Systems Leaders

Social responsibility

EARTH – Environment Awareness and Renewal at Taj Hotels program

Driving the social responsibility initiatives to build sustainable livelihoods

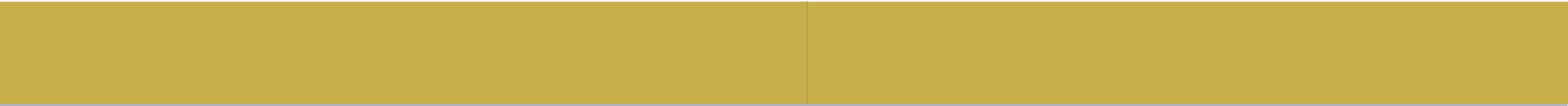
Partnering with the Government to address industry concerns

Joy at work

Introduction of the “Year of the Associate”

Implementation of ESS action plans





**Well-equipped to seize the
pros and manage the cons**

To succeed in our quest for sustainability, we have both, a sustainability strategy and a risk framework in place to harness the opportunities and manage the risks.

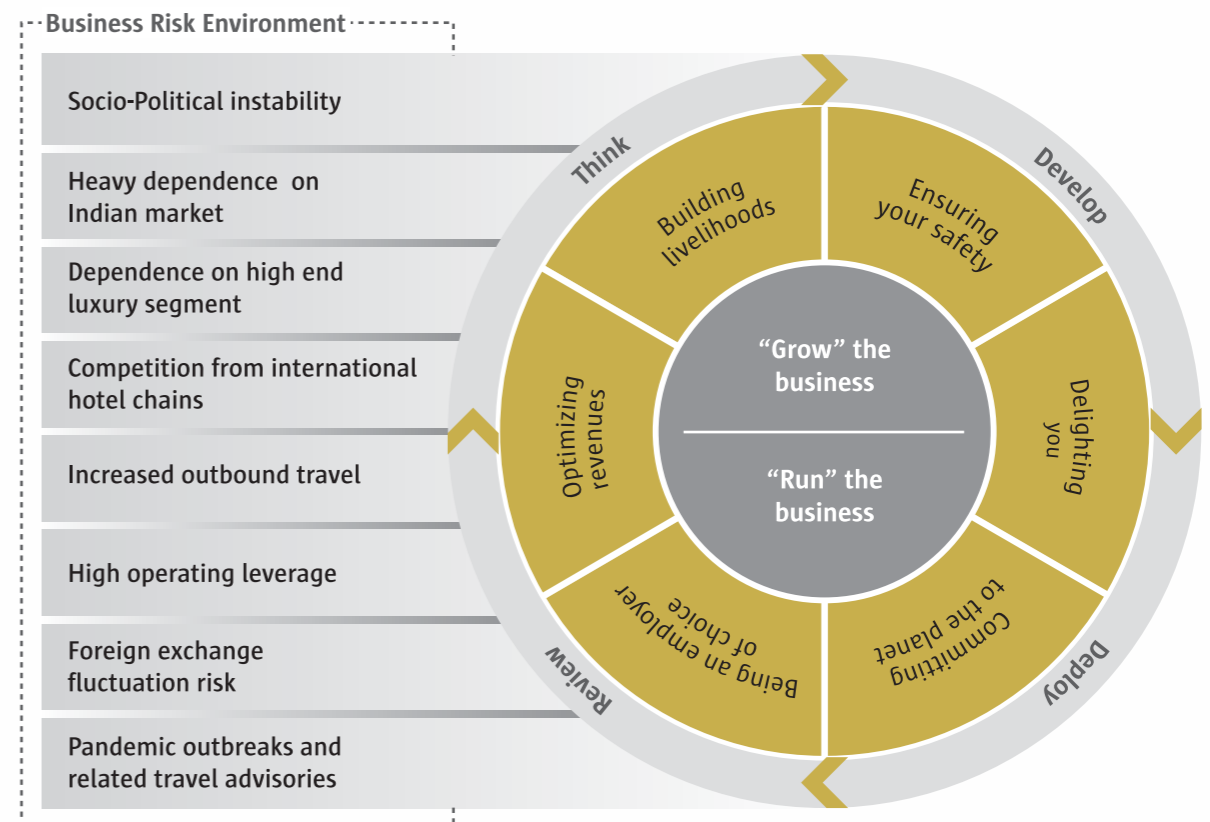


Statement of trust

Our products and services are directly interfaced with our guests, who play a pivotal role in the success of our business and, often determine the way it functions. To address and benefit from this guest involvement, we have structured our business processes to incorporate individual and real-time customer preferences and expectations. Our business is also sensitive to changes in global and domestic economies, demand-supply gaps in hotel rooms, competition, policies and regulations, fluctuations in foreign exchange rates, depletion of natural resources, pandemic outbreaks and other social factors. We conduct comprehensive risk assessment studies to develop a risk priority matrix to reduce the sensitivity of our business to such parameters. Depending upon the nature of the identified risks, short-term and long-term strategic action plans are drawn which are addressed through our strategy framework.



Our strategically planned framework consists of a five-year rolling plan that details “how to grow” and “how to run” the business in a sustainable manner. It concentrates on six priority areas where we plan to create the maximum impact by leveraging our strengths. The essence of our strategy is devising operational and tactical processes that create value for all our stakeholders, thereby ensuring business growth and contributing towards societal upliftment. We gain competitive advantage through brand restructuring that delivers a differentiated set of experiences at various pricing points to address various customer segments. This strategic framework also addresses the long-term sustainability of operations through environmental stewardship and sustainable livelihood creation.



Our strategic advantages

- The legacy of our founder Jamsetji N Tata’s “Guest First” culture and the backing of Tata Sons continues to strengthen our equity, enabling us with a natural ability to raise financial resources as a preferred partner
- This reputation and credibility can be counted upon to attract investor confidence, enter into long-term management contracts and build partner relationships
- An in-house project management team that oversees the development of new builds, product upgrades and renovations in existing properties through end-to-end project management.
- Trendsetting cuisines served in over 280 restaurants at our hotels
- A large number of hotels across geographies and an extensive product mix comprising city hotels, hill and beach resorts, palaces, wildlife lodges, luxury residences and affordable accommodations.

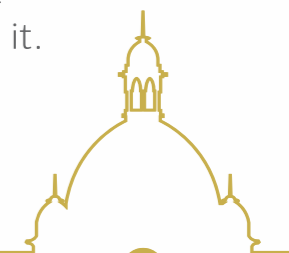


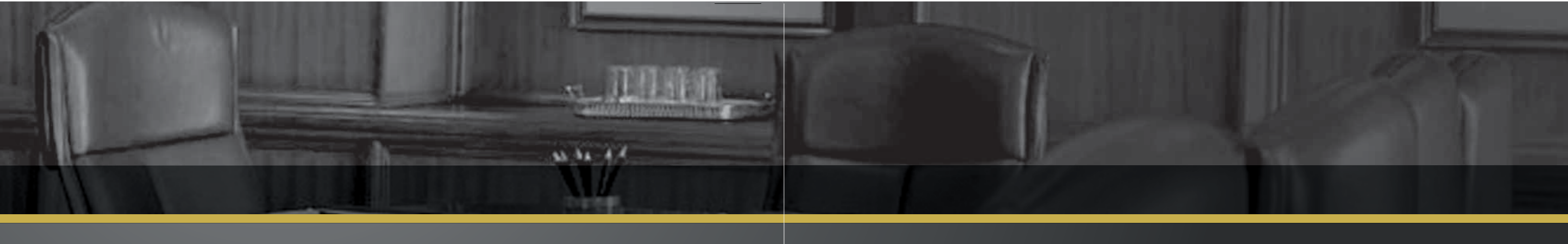


In trusted hands

Corporate governance at IHCL has always looked beyond the financial parameters. It also covers commitment to guest, associate and shareholder satisfaction, accountability and business ethics. Sustainable governance is rooted in our culture, and practised through compliance with the Tata Code of Conduct that encourages adherence to the highest standards of corporate values.

These values are built upon strong foundations of transparency, disclosure, fairness, monitoring and review mechanisms with a focus on dialogue between management, associates and the society at large. Our goal is to reach zero regulatory violations – serious, substantial or general – and because of the robust corporate governance mechanism in place, this is the year that saw us achieving it.





We comply with the Corporate Governance requirements of Clause 49 of the Listing Agreement of the Stock Exchange. Our Board of Directors comprises Executive, Non-Executive and Independent Directors. The Non-Executive Directors and Independent Directors make up more than 50 percent of the Board of Directors, with the Chairman being a Non-Executive Director.

The Tata Code of Conduct

The Tata Code of Conduct is our way of ensuring legal and ethical behaviour in all stakeholder transactions and interactions.

Every associate at IHCL is required to sign the Tata Code of Conduct (TCoC) agreement, imbibe the code and behave accordingly. In order to ensure understanding and compliance, we conduct mandatory training sessions, followed by periodic refresher training on the TCoC, Tata Values and the Taj Values for all associates. For the leaders, an additional online e-learning module on Taj Leadership Behaviours has been created and

OUR BOARD OF DIRECTORS

- Mr. R. N. Tata (Chairman)
- Mr. R. K. Krishna Kumar (Vice Chairman)
- Mr. N. A. Soonawala
- Mr. S. K. Kandhari
- Mr. K. B. Dadiseth
- Mr. Deepak Parekh
- Mr. Jagdish Capoor
- Mr. Shapoor Mistry
- Mr. Nadir Godrej**
- Ms. Anu Aga**
- Mr. Raymond N. Bickson
- Mr. Anil P. Goel
- Mr. Abhijit Mukerji

- Promoter; Non-Executive
- Promoter; Non-Executive
- Promoter; Non-Executive
- Independent; Non-Executive
- Independent; Non-Executive
- Independent; Non-Executive
- Independent; Non-Executive
- Independent; Non-Executive
- Independent; Non-Executive
- Independent; Non-Executive
- Executive
- Executive
- Executive

deployed. To support the TCoC, we have established the Whistle Blower Policy, Prevention of Fraud and Misappropriation of Funds Policy, Sexual Harassment Redressal Policy, Communicable Diseases Policy, Corporate Gifts Policy, and other rules and regulations to provide expected-behaviour guidelines and norms to our associates. The TCoC also addresses issues related to protection of human rights, prohibition of child and forced labour and respecting the rights of indigenous people. Violations are addressed by a Chief Ethics Officer at the hotel level and a Chief Ethics Counsellor at the corporate level. Counselling, warnings and / or termination of employment are the methods used to deal with violations, while ethical behaviour is recognised and rewarded.

It is not just our associates that are held to the high standards of the Tata Code of Conduct. When finalising new partnerships and / or seeking additional investments, our senior leadership team discusses IHCL's commitment to ethical behaviour and ensures compliance with the TCoC. Suppliers and vendors are also required to adhere stringently to the TCoC, and we organise special awareness sessions during meets

with them. Concerns raised are investigated and appropriate actions taken. Our guest interactions are governed by the TCoC as well with the help of standard operating procedures, rules, regulations and guidelines. Guests are required to sign the 'Acceptance of the House Rules' guidelines, which include adherence to statutory and regulatory norms.

This year, across the company we had 41 breaches of ethical behaviour under the TCoC, of which 39 were successfully resolved and 2 are under review.

For compliance with the TCoC, processes have been created at:

- The organisational level – to establish and drive our beliefs
- The leadership level – to create role-models for our beliefs
- The individual level – to imbibe and act on our beliefs

Our senior leadership team uses these processes to create a culture in which people understand the values system, respect the beliefs, and act as role models by incorporating the beliefs and values in their behaviour.



**Appointed with effect from November 7, 2008

A close-up photograph of mechanical gears and a hand. The gears are made of metal and are interlocked. A hand is visible on the right side, holding one of the gears. The background is a light, neutral color.

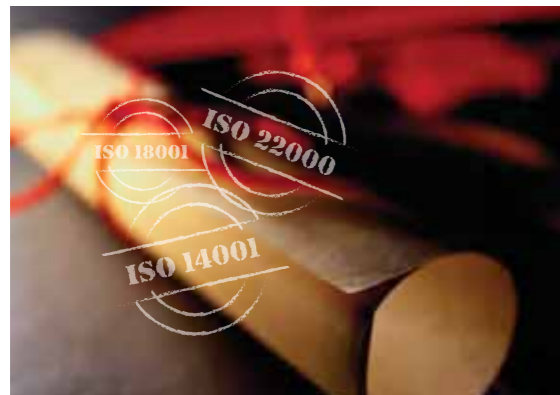
A robust backbone

Our management systems are designed to work in a synchronised manner to ensure knowledge management and assimilation, safety, confidentiality and other processes for the smooth functioning of our business. These management systems have been created in a manner to complement our unique strengths of a customer centric culture, workforce focus, and internal communication practices.



A robust backbone

In 2008, we adopted the Enterprise Process Model Framework across all work processes to bring about alignment in the approach towards process design, deployment and improvement. This model defines process improvement through ideation, and corrective and preventive methodology.



Certifications

Our operations have been certified for several management systems that enable us to continually improve our performance. This year we upgraded our food safety management system from the Hazard Analysis and Critical Control Points (HACCP) certification to ISO 22000. In all, 27 hotels were certified under ISO 22000. We have initiated the process of adoption and certification of our hotel operations under the ISO 14001 environmental management system (21 hotels certified so far), and the OHSAS 18001 safety and occupational health management system (16 hotels certified so far). Our plan is to ensure certification of all hotels under ISO 14001 by 2010-11.

Knowledge management

For knowledge management we have deployed processes to collect and share knowledge systematically throughout the organisation to all brands, hotels, associates and stakeholders as appropriate. We create knowledge assets that are

explicit – facts and information gained through reviews / meets or the creation of documents, and tacit – expertise and skills, awareness or proficiency gained through experience of fact or situation. The key principle of our knowledge management system is to embed knowledge and learning into processes, so that the information is used as a matter of practice.



Data confidentiality

It is our prime responsibility to ensure guest privacy, and to that end we have created an information security management system. Under this structure, access rights are used to manage availability of information to different stakeholders. Business systems implemented at hotels provide configurable access rights and are made available only through a secure network environment. Software configuration ensures that data elements are structured and coded to minimise human error and assist validation of data entry. Reliability is ensured through daily backups of all critical systems, which are stored off-site.



Checks and balances

Every year we review internal control systems and their effectiveness through internal audits conducted for every operational unit and all major corporate functions with support from the Group Internal Audit department. We have developed the 'Taj Positive Assurance Model' (TPAM) for conducting assessments in conjunction with empanelled audit firms.

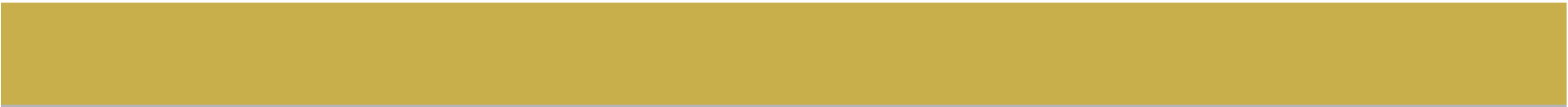
The audit committee of the Board oversees the adequacy of the internal control environment through regular reviews of the audit findings and monitors implementation of internal audit recommendations.



Business excellence

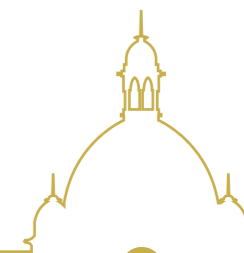
We follow the Tata Business Excellence Model (TBEM) and participate in annual assessments. Feedback from TBEM assessments has helped us build robust business processes and a high performance work culture.





**A culture of
dialogue**

We believe in transparent, two-way communication and continually and proactively engage with guests and other stakeholders, to strengthen our standards and meet their needs and expectations



A culture of dialogue

We aim to forge genuine, lasting and symbiotic relationships through stakeholder engagement. The knowledge we gain from these interactions is communicated to relevant members of management and is used to improve our business operations. We are of the firm opinion that it is only through open discussion that our actions will appropriately reflect the needs of all involved.

We constantly evaluate and improve our dialogue mechanisms with our stakeholders. We have graduated to an interactive model based on learning and sharing. As a result of this we have been able to

successfully launch several new initiatives for our associates and communities such as the 'Year of the Associate' programme, the new PACE (Performance Alignment & Competency Enhancement) system and public private partnerships in the socio-environmental areas to address our target communities.

While following the overall organisation-wide theme of "building livelihoods", individual hotels are empowered to identify local communities, conduct a need assessment and support them accordingly.

Stakeholder category	Engagement mechanism	Frequency of engagement	Agenda of engagement	Method of engagement	Effectiveness mechanism
Shareholders	Annual general meetings; quarterly communication; analyst meet	Annual; Quarterly; Twice a year	Financial performance; broad future strategies; feedback and address of concerns; approval from shareholders	Two way communication;	Transcripts of teleconferences; minutes of AGM
Guests	Strategic level meetings with key customers; advisory boards; in house feedback mechanisms	As per requirement	Expectation setting; guest feedback; acquiring business; building relationships	Two way communication;	Minutes of meeting; action plans; 3-tier reviews; guest satisfaction tracking system; sales force automation
Investors; Partners	Investor meets; Partner meets	Annual; Quarterly	Financial performance; broad future strategies; feedback and address of concerns	Two way communication; driving actions for agility	Minutes of meeting; action plans; 3-tier reviews
Government; Regulatory agencies	One-on-one meetings	Requirement based	Relationship building; appraising the government on industry constraints; discussions on way forward	Two way communication; driving actions for agility	Minutes of meeting; action plans; 3-tier reviews
Community; Society	Meetings with NGOs, local community; public hearing	Daily; quarterly; as per requirement	Community development initiatives communication; capturing societal concerns	Two way communication	Minutes of meeting; action plans; feedback letters; management of business ethics survey scores
Associates – Corporate level	Hotel visits by senior leadership teams; walk throughs; GMs meet; functional meets; off-sites; Taj intranet	Daily; quarterly; as per requirement	Communication of Taj's goals and values; priorities; action planning; best practices; learning; coaching opportunities	Two way communication; driving actions for agility	Employee satisfaction survey; Tajbuzz hits; I-com index; K-note index
Associates – Hotel level	Business excellence council; town halls; skip level meetings; news letters; TAP-ME	Daily; quarterly; as per requirement	Track key performance indicators and action plans; reinforce values and expectations; feedback and address of concerns; idea generation; sharing and learning	Two way communication; driving actions for agility	Employee satisfaction survey; Tajbuzz hits; I-com index



Aligning our priorities



We are a trusted brand in the hospitality sector across geographies and continue to enhance value for our stakeholders. We have consciously introduced the Taj EARTH programme and initiated the Green Globe certification to further our environmental stewardship. We are in the process of giving our numerous social initiatives a systemic approach for optimising their impact. As a major step forward, this year we involved the senior leadership team to identify key issues and challenges for their respective operations and prioritise the ones that are most material. The prioritisation was based on the impact of the issues on our operations and their influence on our brand image. The goal is to maximise our positive contributions across different stakeholder groups towards building a sustainable future.



Aligning our priorities

Ensuring your safety

The safety and security of our guests and associates is always a foremost concern. The terror attack on our iconic property – The Taj Mahal Palace & Tower, Mumbai – significantly impacted our operations. Thirty-one people were killed in the attack within the hotel, including twelve members of the staff. It galvanised us into taking various new measures across hotels to further strengthen guest, associate and property safety and security systems



Delighting you

We continue to enhance overall guest experience through improved service levels and product upgrades. To sustain market leadership, comprehensive studies and initiatives were undertaken, to ensure memorable guest experiences. We document such studies as 'Brand Experience Standards' for our various brands and provide extensive training to our associates on these benchmark standards. We continue the practice of "mystery audits" that has enabled us to measure ourselves in line with world benchmarks.

Committing to the planet

We have earmarked sound environmental management as a strategic objective to differentiate ourselves from our peers. The agenda is driven by the senior leadership team, who designs an overall environmental excellence strategy and plan. This plan is then shared and continuously improved upon. An outcome of this process is our EARTH initiative that outlines three focus areas – energy efficiency, water management and waste management.



Optimising revenues

Revenue generation in a profitable manner is our top priority. The global downturn and the terror attack on the Taj Mahal Palace and Tower impacted our bottom-line. This, combined with large capital expenditure budgeted for renovation and new builds increased our operating costs. With commissioning of the new and renovated hotels, we expect our earnings to receive a large boost. We simultaneously focus on expansion through management contracts and rely on the strengths of our associates and subsidiary companies. We have also initiated a "War on Waste" drive and redeployment of existing man power to contain operating costs.



Being an employer of choice

A well trained, motivated and empowered front line workforce, ably supported by heart-of-the-house associates is our competitive advantage. Associate engagement, development and empowerment are prerequisites of our business success. Human resource strategies built around attracting, retaining and developing talent have been embedded in our business plans. In keeping with the established traditions, we have been continuously enhancing our people practices to create a high performance work culture across operations.



Building livelihoods

We believe 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.



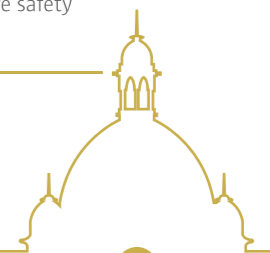


Ensuring your safety

Nothing can be more important than the safety of our guests, associates and other stakeholders. We constantly work on ways to make them feel more secure with stringent safety procedures and mechanisms across operations. Our areas of focus include hygiene, food nutrition, emergency preparedness, and healthcare. The extent of our safety and security measures attempts to leave no stone unturned.

- Standard safety specifications have been identified and adopted in the design of offices, hotels, products and services with a mechanism to incorporate changes in the statutory / regulatory requirements, industry trends, introduction of new technology / equipment, and capability needs of associates on a regular basis.
- Emergency preparedness plans are deployed at the corporate and hotel level and are periodically tested and updated based on national and international security alerts.
- At every hotel, we ensure regular training of associates in first aid, fire fighting and disaster management. This year we conducted 5282 fire safety sessions, 2350 first aid sessions and 1148 evacuation drills under our emergency preparedness plan.
- This year the injury rate across hotels for major injuries was 1.37 percent, while the lost-day rate was 11.30. Across hotels, 72 fire incidents were reported and resolved. We have stringent processes in place to conduct a root cause analysis of all 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 catering units and hotel kitchens, we strictly adhere to Hazard Analysis and Critical Control Points (HACCP) standards and ISO 22000 (food safety management systems) to ensure high levels of food safety.
- Special safety measures have also been adopted for lady associates with vehicle pick-up and drop facilities for those working on late shifts.
- 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 loaded onto the aircrafts. 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.

	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
	Nutritious and tasty meals	Employee satisfaction survey; Cafeteria committees meetings	Cafeteria committees' action points
Safety	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 certifications; Hygiene 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



Honouring the Heroes

On November 26, 2008 began the fifty-nine hours of the unprecedented terror siege on The Taj Mahal Palace and Tower, Mumbai. Thirty-one people lost their lives, including twelve staff members and four members of the police and security forces. As the hotel was ravaged by mindless violence and mind-numbing terror, graceful acts of resilience and selfless service manifested themselves against the canvas of pain and suffering.

Various support services were organised immediately to allay the agony of affected Indian and overseas guests and staff. Counselling and healing programmes were begun and kept open to all hotel employees and their families till the time their normal work routine was re-established. We drew on our people-sensitive attitude and organised employee counselling and healing services. We also addressed various core matters with respect to security, HR issues and guest support services.

The Tree of Life – a powerful symbol for many cultures – was set up as a memorial to the people who lost their lives in the hotel during this unfortunate event. This symbol has been consciously selected, not to signify despair and loss, but to symbolise life in and hope. The names of the thirty-one fallen are inscribed at its base to bear permanent witness to those brave and



innocent people. The Tower wing of the hotel as well as the signature restaurants, conference rooms and club rooms from the Palace wing were reopened as early as December 21, 2008, bringing forth our resolve to stand steadfast against the destructive forces of terror.

In the aftermath, we witnessed an outpouring of support from well-wishers in India and across the globe, keen to contribute to hotel restoration and relief to those affected. In response, on December 12, 2008 the Indian Hotels Company Limited established the Taj Public Service Welfare Trust.

The objective of the Trust is to provide immediate relief to all victims of the recent attacks, including the families– be it the general public, security forces, or Taj associates. The trust will continue to discharge its mandate, specifically covering relief to victims of sudden acts of violence, natural disasters, and other tragic events that inflict damage to life and property.

“I HAVE HELD MY GROUND AS
HUMAN HISTORY HAS UNFOLDED IN ITS TIMELESS
PROCESSION OF LAUGHTER AND TEARS,
COURAGE AND COWARDICE, GOOD AND EVIL.

I WILL PREVAIL.”

The recent attack on the Taj was an assault on the spirit of India. But, like our country, we will never give in.

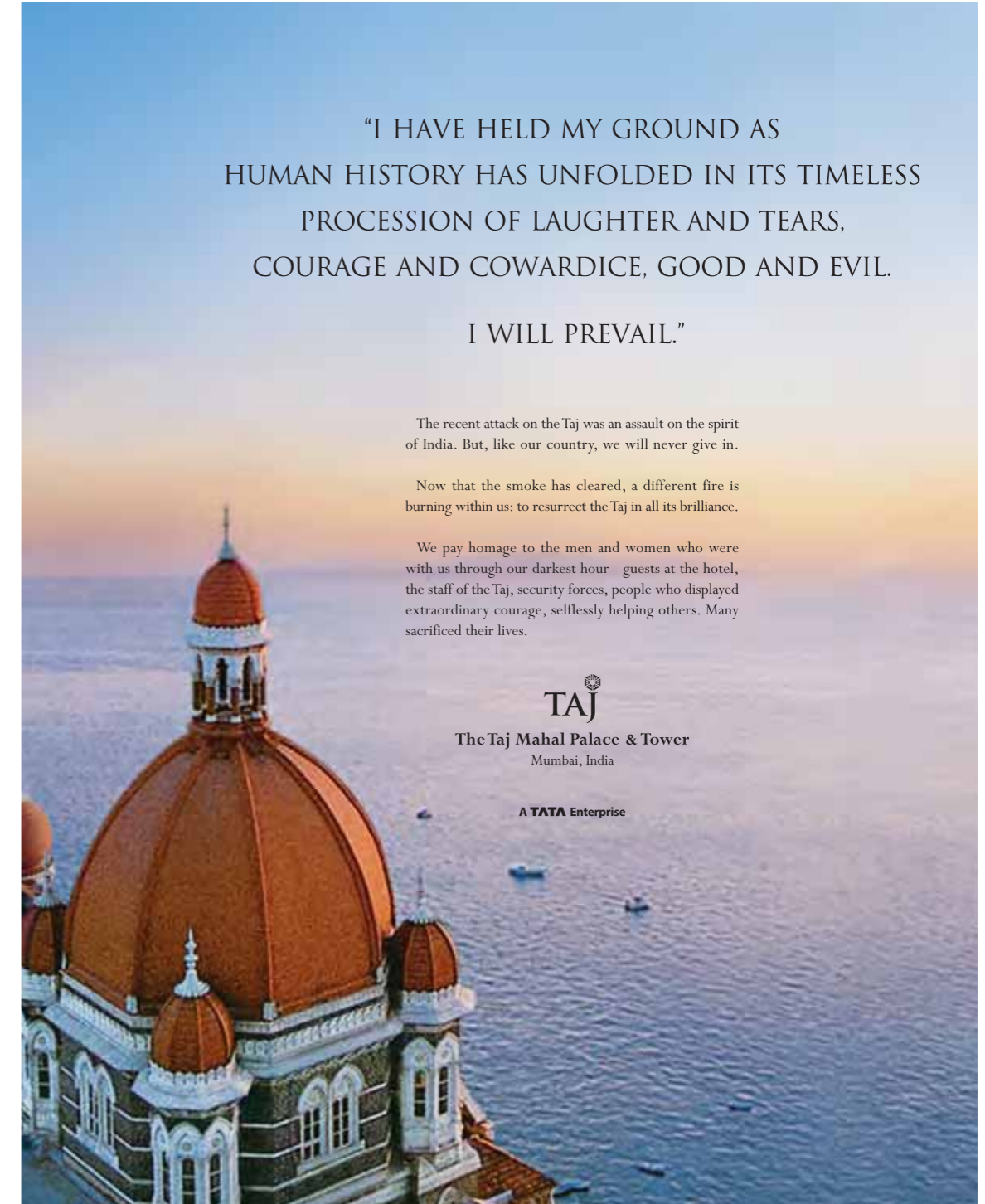
Now that the smoke has cleared, a different fire is burning within us: to resurrect the Taj in all its brilliance.

We pay homage to the men and women who were with us through our darkest hour - guests at the hotel, the staff of the Taj, security forces, people who displayed extraordinary courage, selflessly helping others. Many sacrificed their lives.

TAJ

The Taj Mahal Palace & Tower
Mumbai, India

A TATA Enterprise





This year, we continued our efforts to enhance guest experience by improving product and service levels in line with the best-in-class hotels across each brand. The brand experience standards were redefined to include global trends and guest preferences. The business excellence team partners with hotel operations teams to:

- Ensure consistent brand standards based on international benchmarking
- Monitor and measure customer satisfaction to bring about sharper customer focus and implement service improvements
- Explore the latest trends in the hospitality industry for implementation across hotels
- Ensure standardization and audit of product offerings created by new projects or renovations
- Update operating manuals for all brands, products and services, in line with changing customer expectations.

In our quest to benchmark our performance against the world’s finest hotels, we partnered with an internationally acknowledged consultancy and audit firm on hotel experiences. Through world-class trainers, we enhanced the competencies of our associates in providing services like personal butler, concierge, sommelier and bartender. Responding to changing customer expectations, we have deployed process improvement teams to ensure guest delight.

We continue to conduct ‘mystery shopper audits’ to assess brand standard adherence and improve service consistency. We have an advanced customer feedback system that allows guests to record feedback at their convenience online and enables sharper data analysis. The evaluation parameters have been designed to translate guest expectations into tangible and measurable information that is used for decision making. This year, we also introduced a mechanism to capture feedback from non-resident guests visiting our restaurants.

Our success lies in building relationships with our guests and ensuring cherished times.





Committing to the planet

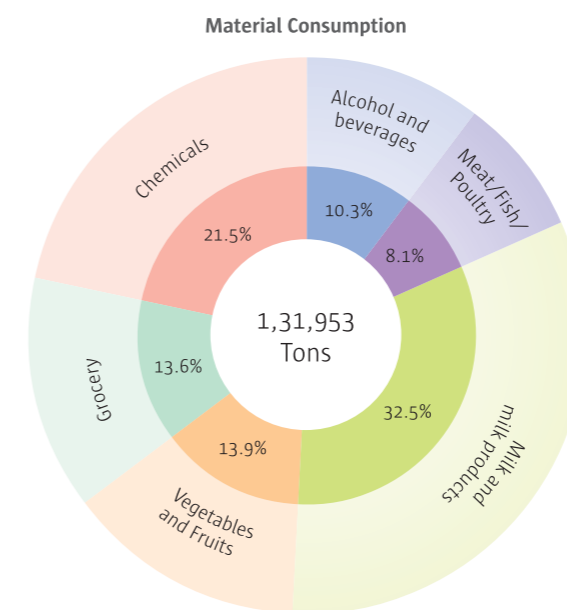


The preservation and regeneration of the environment is an intrinsic part of the Taj culture. Our commitment to the green cause is manifested through our hotels' nurturing practices and projects to preserve, restore and enrich their surroundings.

We recognize the importance of day-to-day practices in terms of usage of energy, water and other non-renewable consumables in order to achieve environmental excellence. The 'Green SENSE' initiative at Taj hotels is one example of encouraging responsible behaviour amongst employees, with weekly tips on how even the smallest actions can make a difference. Initiatives like "War on Waste" help hotels reduce consumption of natural resources and promotes recycle and reuse of waste. The Tata Code of Conduct also encourages companies to exercise greater caution in the way they use natural resources and impact the environment.

Responsible material consumption

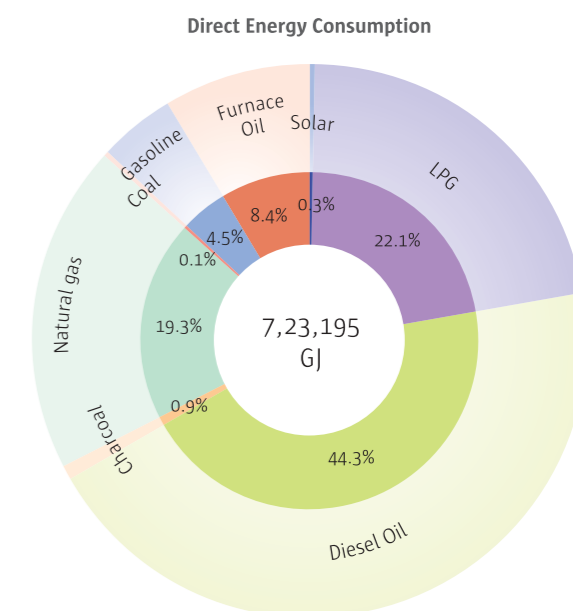
Our operations have always been conscious of waste, and focused on keeping material consumption down to a minimum, based on requirements. Across all operations, food products categorised into meat / fish / poultry, grocery, vegetables and fruits, milk and milk products, constitute more than 68 percent of total material consumption. Apart from these, we also consume beverages and liquor amounting to 13,712 KL. For housekeeping activities, we use chemicals in liquid and solid form. However, we ensure these chemicals are eco-friendly and safe. This year, we used 26,653 KL of liquid chemicals and 1,705 tons of solid chemicals. We are not directly involved in manufacturing the products that we consume or serve and are dependent on our vendors to supply such goods and services that may cause an impact on natural resources. We have taken conscious steps to educate our suppliers to reduce packaging material when supplying to all hotels and adopt environmental friendly practices in their manufacturing.



This year we re-launched our Kaizen initiatives to reduce material consumption across hotels. Through these initiatives, we were able to reduce provisions, butchery items, stationery, liquor, guest room supplies, linen discard, water, non moving capital goods and engineering items worth INR 36.96 million.

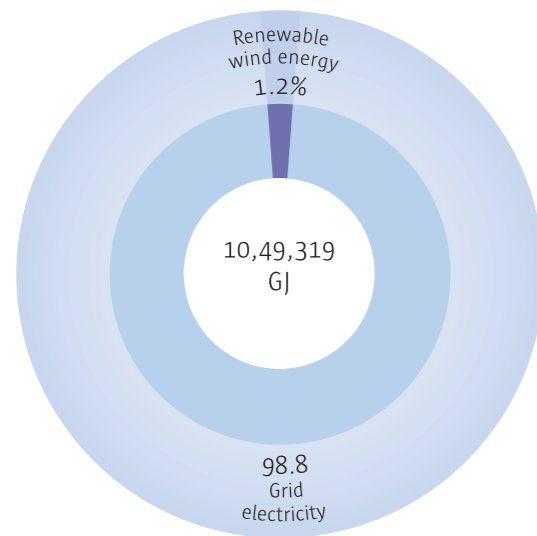
Saving energy

Diesel (320,230 GJ), LPG (159,621 GJ) and piped natural gas (139,374 GJ) are the main fuels consumed by our operations and together constitute more than 85 percent of our direct energy consumption. In order to bring down our direct dependence on non-renewable energy sources, we are tapping solar energy at some of our hotels. We are progressively increasing the use of renewable energy resources through the introduction of solar panels and conserve energy through heat pumps and screw chillers for new builds. We have progressively increased our solar energy consumption to 2,528 GJ, which is 0.3 percent of the total direct energy consumption. We are also focusing on the generation of biogas from organic waste as another source of energy. Our hotels also depend on indirect energy sources such as electricity. Almost 98.8 percent of the total electricity usage is from grids. In addition, we are consistently increasing our procurement of wind energy which stands at 1.2 percent of the total demand.



Committing to the planet

Indirect energy consumption



Being more energy efficient

We have been consistently improving upon the energy efficiency of our operations year after year. In FY 2008-'09 several energy efficiency projects were taken up. Our hotels in Chennai (Taj Coromandel, Taj Connemara, Taj Mount Road and Taj Fisherman's Cove) are some of the first hotels in India to participate in the eeBuildings and Strategic Programme Fund – Low Carbon High Growth Programme of the British High Commission, focusing on energy and cost savings through low cost and no cost operational and retrofit measures. In 2008 our company took up the "Go CFL" program to replace all heart of the house lighting with CFLs to reduce power consumption. This was done for all our hotels across the globe. We also conducted road shows at various hotels for the sale of 4,581 CFLs for associates that resulted in an estimated energy saving of 1,310 MW at their homes.

Low cost and no cost retrofit measures at Taj Hotels

Several Low cost and No cost operational and retrofit measures have been implemented at Taj Connemara, Fisherman's Cove, and Taj Mount Road to enhance energy efficiencies:

- **Monitoring Sub Meters**- All sub-meters monitored through a central software system allowing for improved co-ordination
- **Use of solar panels**- for heating water. The boilers are used only in the mornings along with heat generated from solar panels
- **Use of heat recovery chillers**- to generate heat required in the process to heat water
- **Use of occupancy sensors**- installed in guest toilets.
- **Card system for guest rooms**- to minimize guest wastage of electricity within rooms
- **Use of variable frequency drives in pumps**
- **Aggressive coil maintenance**- filters and AC coils cleaned monthly allowing for improved system performance
- **Efficient lighting**- CFLs and LED lighting installed in hotel rooms
- **Digital thermostats**- for better management of temperature within hotel.
- **Sub meter monitoring software**- All sub meters are monitored through a central software system allowing for improved coordination and reduced consumptions



Harnessing solar energy at Ginger Hotels

A pioneering initiative of the Ginger hotels, the installation of solar panels for water heating systems reinforces the concept of convenient, cost-effective business. An initiative that began in early 2008, currently over 90% of the existing Ginger hotels are equipped with solar heating panels. More than 50% of Ginger hotels' guest profiles are corporate professionals with sensitivity towards sustainable practices and lend support to this initiative. The initial investment of putting into place this process is recovered in less than three and a half years. The value addition has been principally in developing a stronger brand that reinforces the identity of 'Smart Basics™' and efficient service. Economization of costs that assume added importance especially in times of an economic slowdown becomes only an incidental benefit, since sustainability is at the heart of this business model.



ENERGY EFFICIENCY IN BUILDINGS	
<p>Action Plan</p> <p>BAS Upgrade - Steps taken to upgrade Building Automation System (BAS) to include all exhaust gas connections</p> <p>Green Team - members from all departments including engineering, housekeeping, front office, etc. to raise awareness and encourage energy best practices within their departments</p> <p>Computer management - Training provided to ensure computers and photocopiers are turned off when not in use</p> <p>Variable Frequency Drives - Installation of variable frequency drives for pumps linked to AC plants</p> <p>Temperature Controls - Temperature set points were modified to 24 degree centigrade in office areas and refrigerator temperatures were reset to 2 degree centigrade</p>	<p>Way Forward</p> <ul style="list-style-type: none"> • Progressively upgrade Green Globe™ certification status • International standards of green building certification in new build hotels • Installation of energy efficient pumps • Automation and BAS upgrade for energy monitoring • Improved communication and training on energy management for associates



Committing to the planet

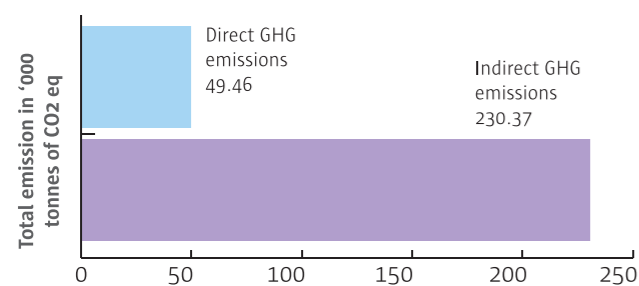
Our responsibility towards climate change

At a group level, the Tatas have recognised the challenge that the world faces from climate change and have set an example by taking one of the first steps towards its mitigation in India.

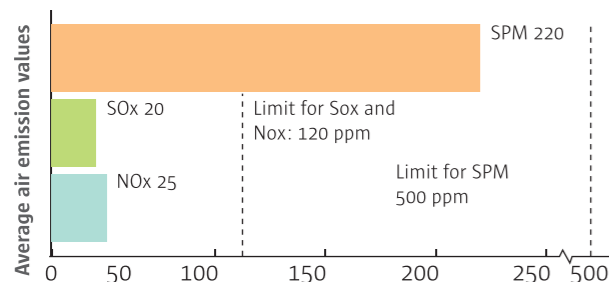
The company has established a Steering Committee on Climate Change under the Tata Quality Management Services in 2008. The focus of the committee is to measure, mitigate and adopt 'next' practices across Tata group companies. In order to develop internal capability in the group to manage the climate change initiative similar to TBEM, the first batch of 45 champions (four from senior leadership at IHCL) were trained on various aspects of GHG accounting and mitigation. Going forward, we along with these other champions, will help Tata companies to measure their carbon footprint and design high level mitigation strategies.

Across the Taj group, we have been consciously monitoring the GHG emissions from our operations. We have been participating in the globally recognised Carbon Disclosure Project (CDP) to report our commitment to, strategy towards and performance in climate change mitigation.

Direct GHG emissions



Air Emissions



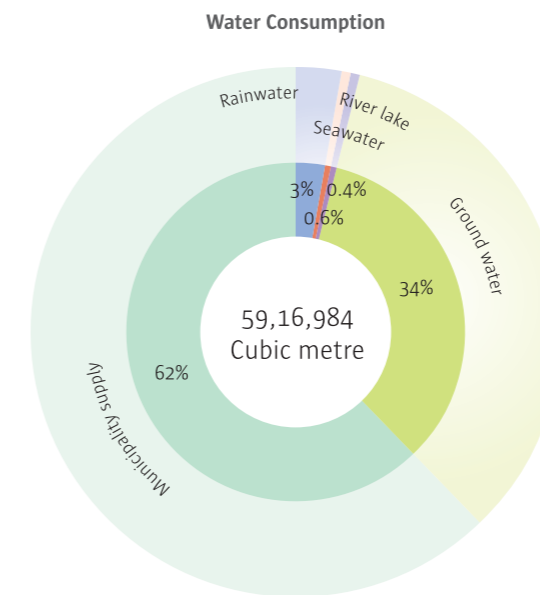
Our direct GHG emissions result from fuel consumption while the indirect emissions result from consumption of electricity imported from the grid. This year the total direct GHG emissions were 49,455 tons of CO2 eq. and the total indirect GHG emissions were 2,30,365 tons of CO2 eq. We also keep track of other air emissions like oxides of sulphur, oxides of nitrogen and suspended particulate matter. At any given point of time, the average emissions of any of the above parameters do not exceed the set regulatory limits.

We are doing all we can to reduce our use of Ozone Depleting Substances (ODS) and other significant air emissions. ODS are primarily used in our hotels for air conditioning and refrigeration. In FY 2008-09 we consumed 1,787 tons CFC-11 equivalent of ODS in our operations. We are gradually phasing out ozone depleting substances used in our facilities.

Water management

Water is one of the key natural resources used by our hotels. We continually strive to improve efficiency of water utilisation and reduce the specific water consumption per room night across hotels. We procure water from a number of sources, the largest of which are municipality and ground water supplies. Together the two constitute more than 90 percent of our water requirements. Many of our operations have progressively adopted the practice of rainwater harvesting and desalination of seawater. Both these initiatives have helped us in reducing our demand of fresh water sources, which currently constitute 3.6 percent of our total water withdrawal.

Water recycling is a general practice at our operations. In FY 2008-09 we recycled 36 percent of the total water procured from various sources. This has helped us in significantly reducing our water footprint. Many hotels that we operate are zero discharge which recycle / reuse all wastewater either in their processes or in landscaping. The waste water discharge during 2008-09 stood at 43 percent of the total water withdrawal. We ensure that all waste water discharge is adequately treated and tested prior to release. Most of treated effluent is discharged into authorised municipal drainage systems.



Strongly invested in going green

We believe that a green performance will require substantial investments towards technological changes at our hotels. In FY 2008-09 we made a total investment of INR 66.7 million towards the implementation of such projects as well as day-to-day environmental management activities. Approximately 69 percent of the total expenditure was spent on disposal, treatment and remediation while 31 percent was spent on prevention and environmental management.

Going green: Ground Up

We are in the process of developing green infrastructure for several upcoming hotel projects across locations. These projects are being designed on internationally accepted guidelines for green construction. For existing hotels, technological upgrades in the area of energy, water and waste management are being taken up. Tapping renewable energy, installing water recycling plants and setting up biogas generation from organic waste are some examples of projects implemented. Such initiatives will not only help us in bringing down our consumption of natural resources but will play a part in building the habit of responsible eco-tourism.

Managing waste responsibly

Sound waste management practices are one of the key objectives for the Taj group. We are taking strong initiatives across operations to enhance recyclability and reusability of material that may otherwise be disposed of in landfills. About 9 percent of the kitchen waste and 28 percent of the horticulture waste that is generated by our hotels is composted and used as manure. We are also in the process of implementing technologies for the conversion of organic waste to bio fuels. This will not only reduce our waste generation but will also enhance our renewable energy sources.

A key highlight in waste management is our high recycling percentage (95.5) of the metal scrap generated at our operational locations. Recycling figures of our glass and plastic bottles and metal containers are also relatively high.

We have taken effective measures to responsibly dispose of e-waste generated by our operations. We have tied up with an authorised e-waste recycler to collect and recycle all electronic waste.

Printer and toner cartridges recycling has been established with Hewlett-Packard's HP Planet Partner's reward. Our company also has internally institutionalised the use of "green bins" to collect and reuse one-side printed paper.



Committing to the planet

Being close to nature at Jiva Spa

Jiva Spa promotes refined, close to nature practices for the holistic wellbeing of our patrons. Jiva practices are woven together to create a distinct brand identity with a unique Indian feel and a distinct spa experience. To that end, it develops and procures special products with natural Indian ingredients, which are also environmentally friendly and organic. They are tested on different skin types before the formulations are finalised. Local vendors were carefully identified, encouraged and nurtured, to co-develop these refined, chemical-free specialty products. Encouraged by feedback from guests asking for the spa products to be made available to them through retail, we have explored this as an alternate revenue stream. Natural and chemical-free body scrubs, blends, facial products, along with accessories like scarves, stoles and more – all specially made for Jiva Spa – can now be purchased by guests from our spas.

In line with our brand promise, we also ensure that all Jiva Spas use 100% organic linen, which is sun-bleached and dyed with Indian natural, medicinally rich, herbal dyes. This linen is used in our staff uniforms, towels, robes and any other fabric at the Spa. The entire process of manufacturing – from bleaching to mercerising to dyeing to washing – is done naturally.

All the pottery used in our spas has been exclusively designed in keeping with the Jiva Spa brand philosophy. Each piece is handmade on a potter's wheel, using indigenous clays sourced from various parts of India and then fired in a wood-firing kiln. Special oxide glazes are used to coat these graceful pieces and vitrified to a temperature of 1300 degrees centigrade. The result is pottery that is lead and toxin free, microwavable and completely eco-friendly. These items were designed in conjunction with Mandala pottery.



Helping to preserve our wildernesses

The Taj Safaris model has been designed with a distinct sustainability ethos at its centre. Keeping in mind that in today's world being close to nature can be an exquisite and rare experience, we designed a sustainable eco-tourism model in a joint venture with '&Beyond and Cigen'. This model promotes biodiversity planning and conservation, while contributing to the economic and social development of the areas in which the wilderness lodges are located. In keeping with social and conservation principles, business processes are designed in a way that engages local and neighbourhood communities in delivering this differentiated close-to-nature experience to our guests.

Guests visiting our lodges are also encouraged to

play a part in making a difference, no matter how small. The Baghvan Jungle Lodge team at Pench National Park has come up with creative ways for guests to participate in our social development initiatives; like encouraging them to make intellectual and financial contributions to local schools in the vicinity of the lodge that we support for educating less privileged children.

One of the best practices of the Taj Safari lodges has been the promotion of sustainable methods of honey harvesting by The Banjara Tolah Lodge at Kanha National Park. Our employee teams conducted a series of honey-harvesting training sessions for the neighbouring villages, to teach them scientific ways for gathering honey that would prove more productive for them, and less harmful for nature.



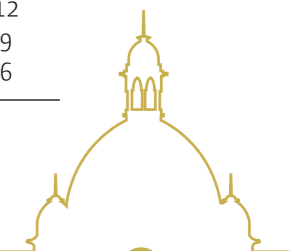
Our commitment to environmental excellence

We have initiated the Green Globe™ certification for our hotels to benchmark our sustainability practices. An international recognition for environmental excellence in the hospitality and tourism industry, Green Globe™ has conducted extensive assessments and audits across our hotels covering parameters like energy water, and waste management and management of social and cultural issues. Green Globe compares these practices against global benchmarks in the hospitality sector and recognises hotels for their performance or recommends steps to improve

performance. We plan to cover all Luxury, Premium and Gateway hotels under the certification process by September 2009. Until now 55 hotels have undergone certification audits, of which nine have achieved silver certification and the remaining are bronze certified in the first year itself. Our aim is to eventually move all our hotels towards silver and gold certification.

Since 2006, our hotels have gradually adopted management systems to help reduce the impact of their daily operations on the environment. In line with this, we plan to have all our hotels certified ISO 14001 by FY 2010-11.

Hotels	Certifications			
	Green Globe	ISO 14001	OHSAS 18001	ISO 22000
Luxury	Silver: 5 • Bronze: 14	4	3	12
Premium	Silver: 4 • Bronze: 19	11	9	9
Gateway	Silver : 0 • Bronze: 13	6	4	6



Using EARTH to do our bit for the planet

The Environmental Awareness and Renewal at Taj Hotels (EARTH) programme is a unique initiative to preserve the environment. The programme was designed after intense deliberation by the senior leadership team and was unveiled in 2008. It identifies three key focus areas for the Taj with respect to its actions on environmental stewardship.

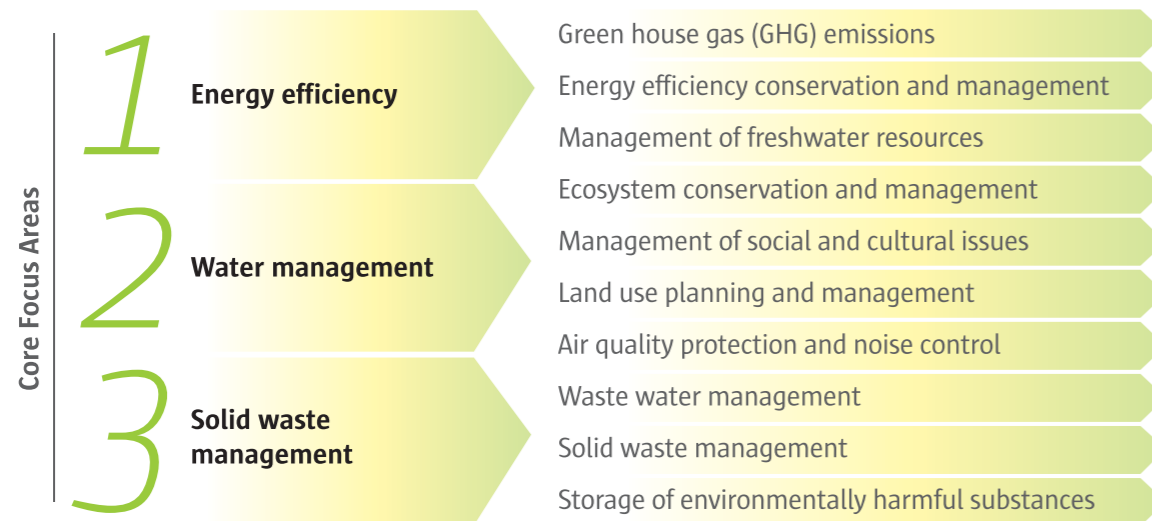


EARTH VISION

- The Taj group of hotels commits itself to the overall improvement of the ecological environment, which we are all a part of.
- We recognise that we are not owners but caretakers of the planet and owe it to our children and future generations of humankind.
- It is not only our endeavour to conserve and protect but also renew and regenerate the environment in which we live and operate
- Our commitment encompasses all actions related to our products, vendors and communities.
- We will partner and engage with our environment through EARTH. For us EARTH is not a program, nor a process; it's a way of life.

Core Focus Areas

10 Performance measurement areas

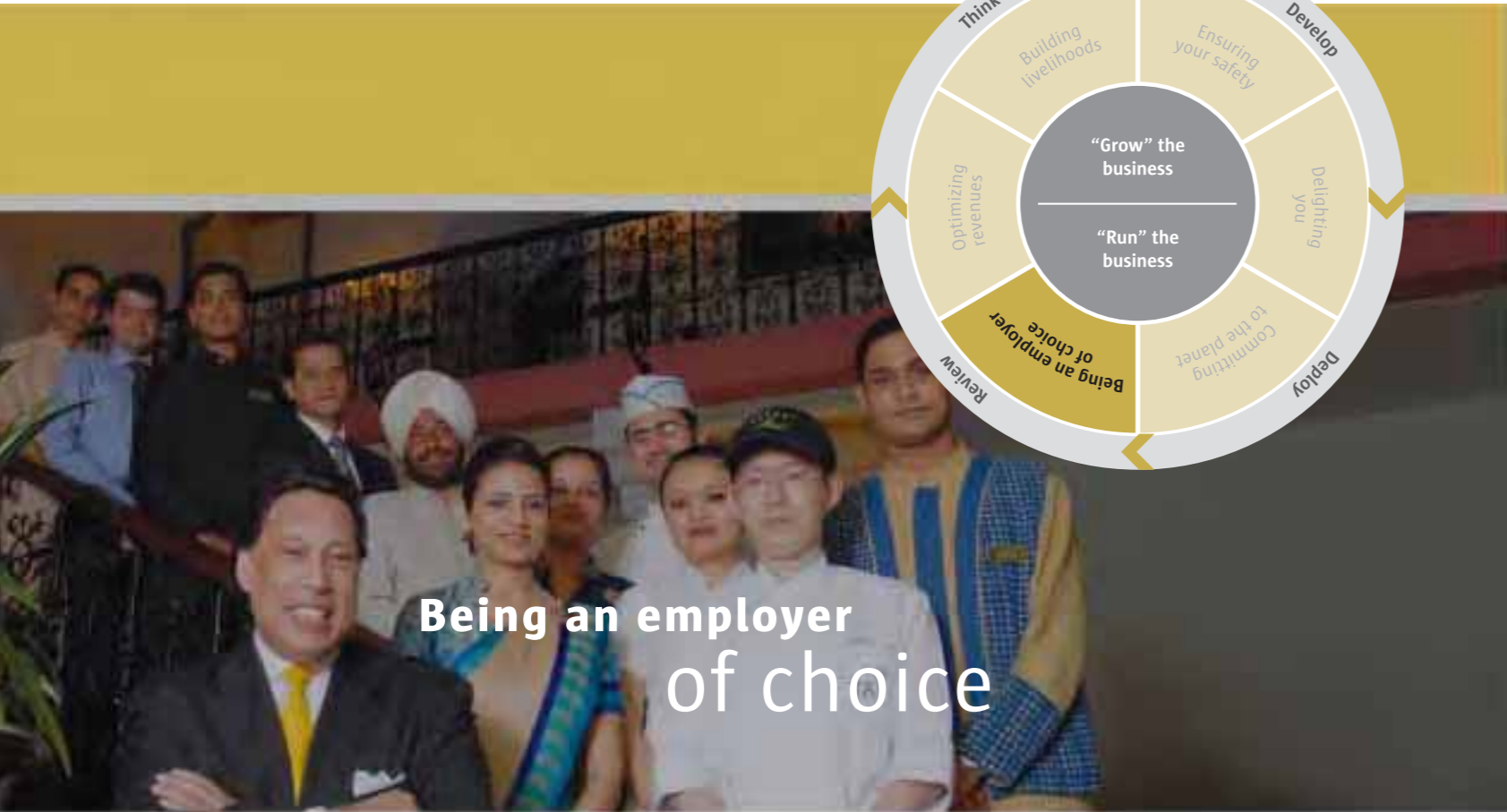


The Taj EARTH rooms

A pilot was conducted at six hotels across all sub-brands, and five different rooms in each hotel were redesigned to meet standards that incorporate better management of energy, waste and water. The overall objective was to evaluate the benefits of an environmentally friendly room without reducing in any way the Taj experience. This will form a basis for the design of similar rooms across all Taj Hotels. Going forward, five percent of the total hotel rooms at all new builds will be designed as what we now call 'Earth Rooms'. Some of the features of these rooms include:

- Eco-friendly natural fibres in room linen
- Wood-free pencils
- Bed and bathroom linen and upholstery made of natural fibres and bed linen changed every alternate day
- Certified recycled paper for all in-room stationery and an eco-friendly stationery folder
- Eco-friendly dustbins and biodegradable plastic liners
- Non-plastic shower curtain
- All lighting through LED/ CFL
- Energy-efficient mini bar fridges
- Double-glazed windows and fully closed sheer curtains to cut sunlight and promote better temperature control
- No bathtubs and a dual flush system
- Aerated / reduced flow plumbing fittings





Being an employer of choice

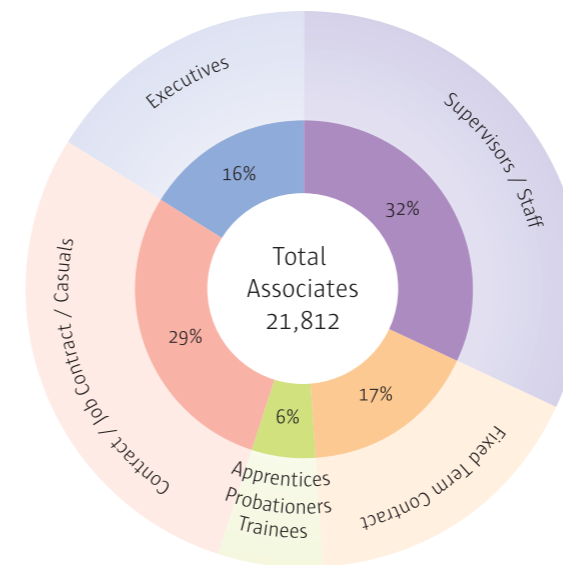
For a service industry, where employees are ambassadors of the organisation, attracting and retaining the best talent is vital. Our workforce is well-trained, motivated and empowered, and it is through our associates that we derive the competitive advantage. We strive to continually enhance our people practices and to build a congenial and high-performance work culture.



We have, for years, closely engaged with our associates through various programmes at the corporate and hotel levels and continue to do so. These have often resulted in the introduction of initiatives and policies aimed to create a better work environment. This year, we embarked upon the 'Year of the Associate' (YOA), which was rolled out at the enterprise level with a calendar of numerous initiatives intended to make IHCL the "most preferred employer". The programme was well received by our employees, as evidenced by the associate engagement scores that showed a positive trend in overall measures, team climate, leadership and culture. The success of the programme was also reflected in our 3rd place ranking amongst 230 companies in the Hewitt Best Employer of the Year survey 2009'. We were placed first in the hospitality sector, in this survey.

This year we also improved our workforce productivity standards, by reducing the room to employee ratio from 1:3 to 1:2.7.

Grade-wise Workforce Breakdown

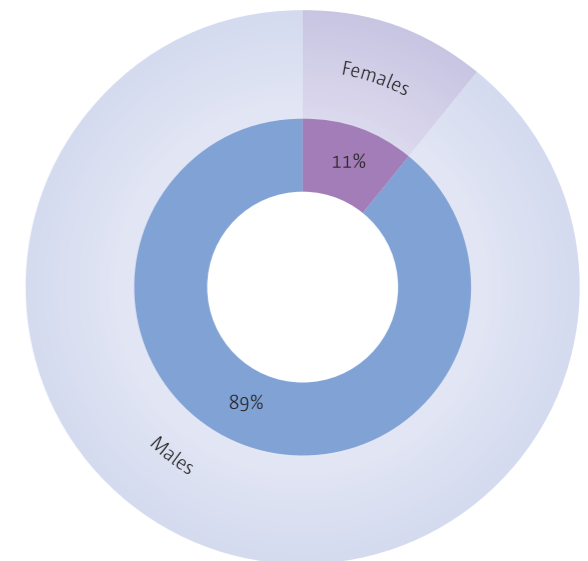


We believe in being an equal-opportunity employer, and have a diverse workforce across age, gender, qualifications, skills and cultures. Our aim is to develop an associate-base that includes fresh recruits, while establishing a core group of experienced associates to provide stability and knowledge, irrespective of gender, caste, creed, and diversity. We also take into account the local ethos while hiring at hotels and support inclusive growth to provide opportunities for the differently-abled.

As of this year, our employee strength across all IHCL companies, was 21,821 of which 3,518 were executives, 6,997 were supervisors or staff, and the rest were trainees, probationers, apprentices,

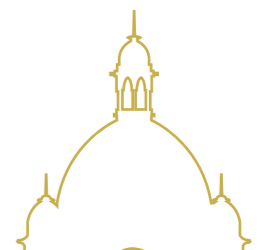
contract or casual employees. Of the total workforce, 2,371 employees – 11 percent – were women, of which 141 held leadership positions. The overall attrition rate this year was 13 percent against the industry average of 26 percent.

Gender-wise Workforce Breakdown



Rewarding performance

Our performance management system supports workforce engagement by facilitating feedback to and among senior leaders and associates across functions, hotels and levels. The appraisal process is customised to support various associate segments. Goals are set during the strategic planning process through the balanced scorecard approach and the evaluation of performance is done against the goals through a biennial review process. Across operations we have initiated several recognition schemes to reward the high performing employees as follows:



Being an employer of choice

	Recognition process	Associates	Reinforcement	Periodicity
Organization wide	Taj Awards for Business Excellence	All associates	Acts of high performance, business and guest focus	Annual
	Appreciation letters / e-mails / Bravo billboard	All associates	Build culture, behavior reinforcement	Daily
	Long service awards	All associates who have completed a minimum tenure	Recognizing associate loyalty	As per schedule
At hotels	Special Thanks And Recognition System	Front of the house and Heart of the house associates	Recognizing acts of excellence in achieving guest dazzle and delight	Daily
	Special Thanks And Recognition System +	All outsourced associates		Daily
	The League	Departmental trainers	Recognize high performance	Monthly
	Brand awards	General Managers and Head of Departments	Recognize high performance	Annually
	Associate of the Month	All front line associates	Behavior enforcement	Monthly
	Role models	All associates	Recognizing acts of high performance, business focus, guest focus	Quarterly / Annual

Learning and Development

Learning and development requirements are identified through multiple approaches. At the organisation level, we have a collaborative exercise to capture business-driven training needs. At the individual level, training needs are identified through a performance management system for executives and skill gap analysis and job chats for rest of the associates. Training is imparted through several modes like classroom sessions, one-on-one coaching, self learning modules, mentoring and shadowing of employees, ideation and brain storming sessions, forums, conventions, learning missions, exposure visits to benchmark organizations, on-the-job training and cross exposure trainings. Apart from professional

requirements related trainings, associates are also trained in use of quality improvement tools, TBEM, creativity and innovation at work, working with teams, pioneering change and various other technical and administrative subjects.

This year, the total training hours across operations were 117,344 with a 93 percent actualised training rate. The number of cross exposure training sessions to ensure learning and training across brands and locations was 892 with a 99 percent success rate. This year we also developed 608 certified Taj departmental trainers. This way for every 30 associates we have one skilled trainer. Our goal is to achieve a skilled trainer to associate ratio of 1:20.

Creating an atmosphere of encouragement

We consider our associates the heart of our business, and keeping them fulfilled and satisfied is the key to a healthy workforce. Our placing in the Hewitt Survey highlights our sustained focus on aligning people practices with our business strategy. We have an integrated process embedded into our day-to-day operations to capture employee feedback, gauge employee satisfaction levels, ensure role clarity, encourage & nurture career growth and people development.

Some of our practices and initiatives are elaborated below:

Systematic and dynamic career architecture

To classify jobs scientifically and define roles and responsibilities to align with our strategic goals. The exercise was also targeted towards identifying grey areas in organisational relationships and span of control and implement appropriate systems for improving work productivity.

Year of the Associate (YOA)

A group-wide programme, with a centrally coordinated implementation and review system, primarily aimed at creating a vibrant and highly engaged work force. The key feature of this initiative is to consolidate & inspire sensitive people practices at all levels across the organisation. Specific initiatives like health camps, birthday celebrations, complimentary stay for newlyweds / retiring associates, etc were initiated.

Regional training centres

Operational trainings in hospitality skill sets are being delivered in key cities like Chennai, Bangalore, Goa, Mumbai and Delhi to strengthen operational skills of front-line and heart of the house staff. The philosophy of this initiative is to hire and develop entry-level talent in operational areas from un-conventional/un-tapped sources. Youth from less-privileged, rural areas identified and developed to evolve and consolidate an internal pool of well groomed work force with customised skill sets and brand values.

SPEED

The Special Programme for Employee Education & Development is a career development programme introduced for high performing operational associates in the hotels to provide opportunities to fast track their careers towards supervisory and managerial positions.

HR IT

Oracle HRMS implementation initiated across the group to centralise non-core work and achieve efficiencies in the HR/ payroll workforce deployed at the hotels.





Optimising revenues

The year 2008-09 has been a difficult year for the tourism and hospitality industry. The global economic downturn impacted our business and performance in early 2008, while the November 2008 terror attack on the Taj Mahal Palace and Tower in Mumbai and pandemic outbreaks and travel advisories further dampened the growth of the hospitality sector in India. We continue to expand and consolidate our brand portfolio.

An overview of our financial performance

- The total income for the year ended March 31, 2009 at INR 17,065.2 million was lower than that of the previous year by 6 percent.
- The room income was lower by 14 percent and average room rate (ARR) was lower by 2 percent over the last year.
- The food and beverage income was 13 percent lower than last year.
- This year the interest cost was lower at INR 904.4 million as compared to INR 942.8 million last year on account of income earned from surplus funds and the rights issue pending its utilisation.
- The depreciation for the year was higher due to incremental depreciation on new additions to fixed assets and the Information Technology Park Limited (ITPL) unit at Bangalore that started operations in December 2008.



- The profit before tax was INR 3,623.0 million, lower than the previous year by 38 percent.
- The profit after taxes was lower by 38 percent from the last year at INR 2,340.3 million.
- This year we declared a dividend of 120 percent at INR 1.20 per ordinary share.
- Our total borrowings stood at INR 17,664.7 million as against INR 11,341.8 million last year. The increase in debt was on account of ongoing capital expenditure on new projects and renovations and investment in international properties.
- During the year we incurred a capital expenditure of INR 23,972 million incurred on Vivanta by Taj, Bangalore, Falaknuma Palace, Hyderabad, Taj Lands End, Mumbai, Vivanta by Taj, Yeshwantpur and ongoing renovations across existing hotels.



Continued Growth

We have been able to maintain a healthy pipeline of new hotel projects at strategic locations, with most of them progressing well. While some of the projects under management contracts have slowed down, we ensured that none were completely put off.

We also signed several management contracts, breakthrough deals and continued our aggressive growth through a mix of owned assets and management contracts, in spite of the downturn.

New operations commenced / Management contracts

We have commenced operations at new properties : Vivanta, Bangalore; Taj Mount Road, Chennai; Nadesar palace, Varanasi; Vivanta, Goa and Taj Residency, Trivandrum.



Product Upgrades

The Pierre, our landmark property in New York, opened its doors to guests on June 1 2008, after a 1½ year renovation, costing US \$100 million, and undertaken by international designers like James Park Associates and Alexandra Champalimaud. They have remained true to the historic nature of the property, yet weaved in touches of Indian elements so closely associated with the Taj brand. The renovation was well appreciated by the media and guests, and the hotel will be launched formally in September 2009.

We have also undertaken an extensive makeover of the Taj Coral Reef (an associate company hotel) and it is expected to open its doors as the first international 'Vivanta by Taj' in the August 2009.

We launched the newly renovated 8-bay Grand Presidential Suite at Taj Palace, New Delhi which enhanced the hotel's suite offerings and made it the preferred choice for 'Heads of State' visits.

We opened the newly renovated and expanded Grand Ballroom at Taj West End, Bangalore

Several renovation projects in key properties of associate companies were also undertaken, that included the President Hotel in Mumbai, Taj Coromandel in Chennai, Taj Lands End in Mumbai and Blue Diamond, Pune.



Products underway

A 330-room Vivanta hotel in Yeshwantpur, Bangalore. The property – designed to hold the largest conference facility among hotels in Bangalore is expected to be completed around the middle of 2010.

Our flagship palace property, the Falaknuma Palace, is going through an extensive restoration process and is expected to open in early 2010.

Our associate company, Oriental Hotels Limited is also undertaking a 70-room expansion of its Fisherman's Cove Hotel project.

On the international front, work is progressing rapidly on our joint venture project in Cape Town and the hotel is expected to open towards the end of 2009.

Work is also progressing at Taj Exotica Resort and Spa, Phuket, Gateway Hotels at Navi Mumbai and Cochin and Vivanta Hotels at Delhi and Morocco.

Work is under progress on the Taj Exotica Resort and Spa in Dubai and the hotel is scheduled to open in the latter half of 2010.

Design work is in progress on the Taj Exotica Resort and Spa in Doha, while the projects in Abu Dhabi and Ras-Al Khaimah have slowed down and are expected to recommence only after a year.



Other deals signed

A land deal with the 'Delhi Metro Rail Corporation' for setting up a 400-room 5-Star hotel in Dwarka, New Delhi

A land lease with the Assam Government to set up the first 5-Star hotel of the North East in Guwahati.

A breakthrough deal for our first hotel in China at the Heaven of Temple Complex in Beijing.





Building livelihoods

We believe that no business is by any means separate from the community amidst which it operates. We have an intrinsic orientation towards societal consciousness and corporate responsibility, and we are passionate in our commitment to building sustainable livelihoods for the less privileged members of society.

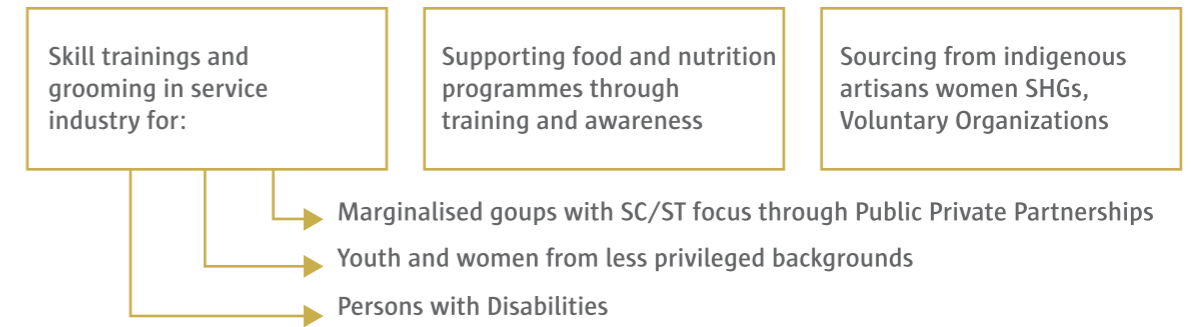


We continuously review and update our approach and processes towards corporate responsibility and make a conscious endeavour to align and integrate our efforts to address contemporary societal needs and challenges.

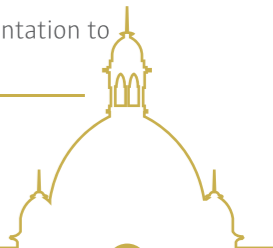
Our approach derives from the Tata corporate sustainability policy, and is outlined below:

- **Facilitate the creation of sustainable livelihoods by:**
 - Actively bridging the gaps between the organised job market and rural, less-educated, less-exposed youth seeking long-term livelihood options
 - Facilitating marginalised sections like the differently-abled to gain access to training and employment in the hospitality industry
- **Share our business core competencies by:**
 - Evolving knowledge partnerships to engage with causes of national or regional relevance like addressing the challenge of malnutrition through public-private partnership
 - Developing, facilitating and conducting hospitality and service-industry centric skill training
- **Preserving and reviving of indigenous arts, crafts and culture by:**
 - Actively promoting indigenous product development
 - Championing artisans and craftsmen
 - Supporting income generation projects run by small scale entrepreneurs, Self Help Groups and NGOs

BUILDING LIVELIHOODS FOR THE LESS - PRIVILEGED



Areas of Core Competencies	Community Development Opportunities
Food production	Vocational training and certification of less advantaged target groups, support to income generation projects
Kitchen management	Improve efficiency of kitchens, housekeeping practices at voluntary organizations, charitable homes and other developmental organizations
Housekeeping	Provide trainings to identified groups from slums / target communities, maintenance and upkeep of residential facilities maintained by voluntary organizations and charity homes
Personality development and grooming	Standard input as a part of any 'building livelihoods' project as well as stand alone input that can be provided through volunteering for youth development, etc. in partnership with identified NGOs
Spas	Personal hygiene trainings for adolescent girls / women, promoting self employment through beautician courses
Sourcing and supply chain	Source and / or co-develop room amenities, stationery and office use items, Khazana artifacts, indigenous and green packaging, etc.
Surplus food	Donation of surplus food and nutrition supplementation to developmental organizations



This year, the total number of volunteering hours spent on various activities has been 73,710 hours while the number of employees who volunteered for the various initiatives is 7,415. The number of beneficiaries of these projects was 57,688. The focus has evolved from charity based initiatives and one-time events to more long-term initiatives that economically empower the beneficiaries.

Encouraging diversity

We have always encouraged diversity at our workplaces, right from hotel-based positions to administrative and corporate office positions. Considering the rising awareness, support systems and contemporary challenges with respect to marginalised sections, we have consciously started taking measures to not only encourage, but also actively promote affirmative action and diversity at the work place.

Awareness and sensitisation workshops were conducted for employees. Various recommendations were made by the experts engaged after detailed observation of existing processes and suggestions from associates of selected hotels for their fitment.

With respect to Affirmative Action and caste sensitiveness, Taj has started enhancing its focus in the direction of education and skills training for the less privileged, purposively targeting the poorest of the poor within that category.

Everybody can

An extensive disability job mapping exercise was recently concluded, plotting each role in hotel operations against four disability types – visual, orthopaedic, hearing and learning. The objective was to explore the possibilities of hiring persons with disabilities for any operational or executive role in the hospitality business. We are in the process of company-wide deployment of guidelines for disability training and recruitment. Over the past years, we have welcomed 45 differently-abled persons in various operational functions, while facilitating industrial exposure, training and apprenticeship.



Keeping you in the loop – an update on the 4 Es of affirmative action at IHCL

Employment:

- Jiva Spa undertakes extensive training and recruitment of candidates from Mizoram, Guwahati as well as youth projects run by Tibetan Refugee Camps on an ongoing basis
- As per our ongoing HRMS tracking, more than 1050 employees across our Indian properties have voluntarily disclosed their SC/ST/OBC status

Employability:

- Three ITI Partnerships ongoing: in Delhi; Oros (Sindhudurg district) and Chennarapatna (Hasan District)
- Three more ITI Partnerships in process: at Lonavala (Maharashtra), Gandhinagar (Gujarat) and Rajasthan
- Under the Tata-Loyola Tsunami Relief Programme (which Taj has been continuing since then), youth and women are benefited through Kovalam Community College, tailoring trainings and women empowerment projects
- Taj-Pratham tie-up for Hotel Operations Training Center set up in Khaultabad, near Aurangabad: youth from more than 30 nearby villages are undergoing 3-4 months training programmes in housekeeping, food & beverage services, grooming and overall personality development for service industry
- Taj President, Mumbai in partnership with TRENT & Kherwadi Social Welfare Association (KSWA) trained young men and women at Geeta Nagar, a slum in Colaba; in beauty courses, hospitality skill sets and retail industry skill sets and supported them with accessing employment / self employment opportunities
- All Taj hotels conduct local skill development training for local youth and women at their respective locations. More than 1000 youth and women have benefited from such trainings across all Taj properties

- More than 45 differently-abled candidates have been trained in hospitality skills and supported through exposure, grooming and employment

Education:

- IHCL partnered with Integrated Child Development Scheme (ICDS), Maharashtra to improve the taste, quality and hygiene levels of Supplementary Nutrition Programme. This scheme works for the benefit of 0-6 year old children, pregnant and lactating mothers as well as adolescent girls. Taj teams helped in training more than 12,000 functionaries / women groups associated with this scheme. This Project was piloted in Nandurbar district, which is a tribal district.
- IHCL participates in career fairs organized for less-privileged youth by Kherwadi Social Welfare Association in Mumbai to spread hospitality career awareness

Entrepreneurship:

- North Goa Taj hotels support Arz Laundry business run by women survivors from trafficking and commercial sex work
- Design and material inputs provided to weavers in Sarai Mohana village, near Varanasi through a structured project to enable them to continue traditional silk weaving, with a contemporary appeal. These saris are being sourced by various Taj hotels as staff uniforms in order to promote this indigenous art.



Promoting an inclusive workplace

At Taj SATS, we believe in empowering our people, encouraging them to be the masters of their lives. We have taken this credo forward by recruiting hearing-impaired students from the Deeds Catering Institute for the Hearing Impaired. Five students have been taken in as apprentices in our food production department since September 2008. A structured training programme has been especially designed for them including exposure in different areas of food production as per their abilities. The experience of working for a large hospitality chain has greatly enhanced their learning and reinforced the skills they learnt at their institute, opening their possibilities for employment across the hospitality and food production industries.

We have been encouraged to do more after seeing their hard work, loyalty and eagerness to learn, and in recruiting seven more trainees from the same institute in May 2009, we are continuing our commitment to building sustainable livelihoods.



Working with the Government to enhance child nutrition

Leveraging our core competence in food preparation, palatability and presentation, we have pledged our support to the cause of removing child malnutrition in India. We have been working alongside the Government's Integrated Child Development Scheme (ICDS) to supplement the nutrition being offered by the government to children from 0 – 6 years of age. The Nandurbar district, in Maharashtra, was chosen as a pilot location due to the high incidence of malnutrition in its migratory, tribal population.

Taj chefs took on the challenge of preparing recipes that met the daily dietary requirements of 300 kcals of energy and 8 gms of protein for



children of this age group within INR 2 per day per child, which is the public scheme's daily budget for a meal. To facilitate the implementation of these tasty, nutritious recipes, the locally available ingredients and tastes of the children were kept in mind. More than 40 recipes were developed within this tight framework, making it simple for functionaries to adopt these recipes in their daily cooking habits – an innovation in its own right! Following a 'train-the-trainers' approach, this has been cascaded down to the self-help group workers and mothers' groups in the villages. Training was imparted in nutritious food preparation by Taj chefs, cash flow management and health and hygiene at the Institute of Hotel Management, Aurangabad.

This project has been successful in increasing the variety of food served from 2 dishes to 6 dishes per week as well as an enhancement in the attendance of children in the Anganwadis (village day-care centres), bringing about a change in the ICDS policy to incorporate these recipes and training modules into their regular service delivery scheme.

Efforts were aimed at developing a successful public-private model, that is easily replicable and scalable. Each project partner brought in their key strengths to the project – the knowledge and expertise from the Taj, the public reach and human resource networks from the government, and the facilitation and project integration support from The Bhavishya Alliance.

Coming to the rescue of a dying tradition

The renowned master weavers of Varanasi are the keepers of the exquisite art of hand-weaving silks. Unfortunately unemployment due to the high costs and changing fashions were pushing the weavers and the art to the brink. To alleviate their economic situation, and enable them to keep their tradition alive, we are providing the previously unemployed and under-employed weavers in Sarai Mohana village, near Varanasi, with design and material inputs. Our contributions help them create designs with a more contemporary appeal, which we then source from them for utilization as staff uniforms across many of our Luxury properties. Our aim is to use this exposure to create a showcase for the indigenous art and boost its revival. More than 40 weavers and their families, 23 women SHGs and nearby villages are supported through this project. Villagers are provided with solar lighting, basic health, hygiene and nutritional support for children and women, drinking water facilities and more.

A unique partnership

Behind the sparkle and shine of the fresh laundry at the spa in two Taj North Goa hotels is a story of strength and grit. The entire 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. They conducted training sessions for the women who had basic laundry skills, but little knowledge on how to run a sustainable business. The biggest challenge, midway through the project, was to actually forge and sustain a business link with this endeavour. After a series of training sessions in basic communication, team building, customer relations, time management and quality cleaning procedures, they have been able to offer high quality laundry services at market rates not only to the Taj, but also to a host of other clients.

In recognition of their efforts, they received the Godfrey Philips Bravery Award 2009 in the category 'Social Act of Courage'. Swift Wash is currently providing economic rehabilitation to 50 women and girls, and 15 delinquent adolescent boys.

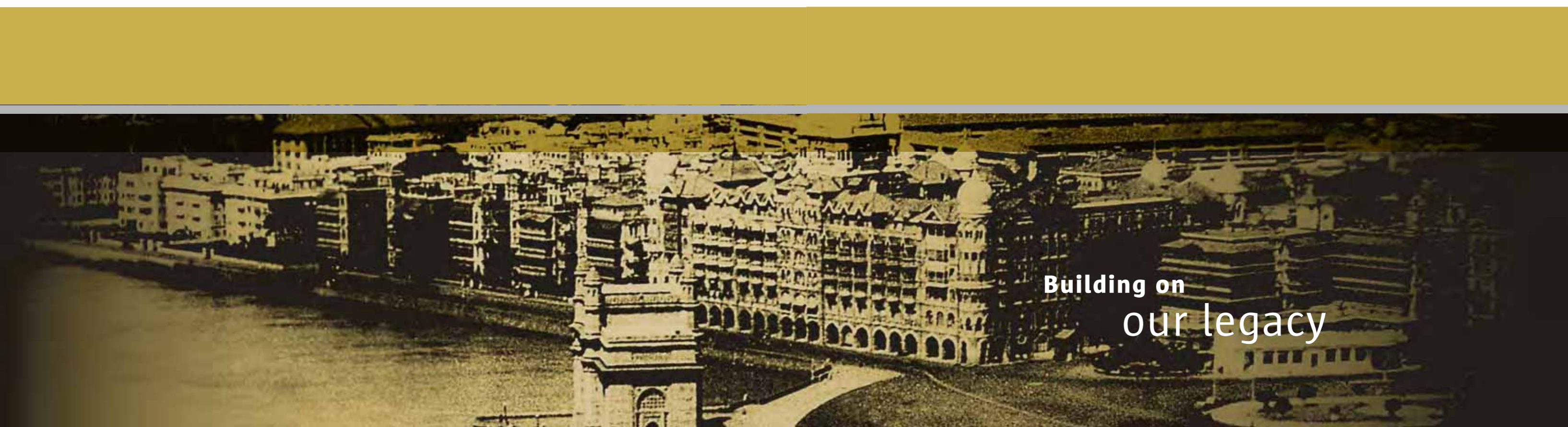


Sensitive sourcing by Jiva Spa

Aura Herbal Wear, a major linen supplier for all our spas, supports several NGOs for Taj supplies. These beneficiary groups are involved in the garment designing, thereby enhancing their skills and empowering them to be self-reliant. They are currently working with:

- Apang Manav Mandal - Physically challenged girls are educated here, then given training in vocations of their choice. Many of our robes are stitched by them.
- Awag - An organisation which supports destitute women. These women have been trained in tailoring, and Aura uses their services for the Jiva Spa therapists' uniforms.
- Himmat - A group started to support women from minority communities who were left to fend for themselves and their children after the unfortunate riots of Ahmedabad. Most of the Jiva Spa towels have been stitched by women from this group.





Building on our legacy

The short-term plan

- Drive the sustainability agenda through an apex committee created at the Board level.
- Identify and develop specific, measurable, and time-bound goals and targets for sustainability performance indicators.
- Modify the existing management information systems to include data capture of sustainability performance indicators.
- Improve the visibility of our social initiatives across IHCL.
- Ensure coverage of all hotels under the Green Globe™ certification.

The long-term plan

- Increase our international presence and become a significant global brand by creating differentiated brands, surpassing global hospitality benchmarks, and through efficient cost management.
- Reduce our environmental footprint through operational and process excellence.
- Continue to create sustainable livelihoods and address the needs at the base of the pyramid.
- Develop a competent, high-performance, empowered workforce that will propagate the Taj culture and improvise the unique Taj experience.

Deriving from our strategy of growth based on sustainable development, we have set for ourselves a clear roadmap, comprising a well-defined range of short-term and long-term plans to embed sustainability in mainstream business processes for achieving business excellence.





Ascertaining trust



KPMG Commentary

KPMG Climate Change and Sustainability Services provided advisory services to the Indian Hotels Company Limited for developing its Corporate Sustainability Report 2008-09.

What was included in the scope of our advisory engagement?

- Review of IHCL's existing stakeholder engagement processes
- Undertake one-on-one discussions with the senior leadership team of IHCL to understand priority areas and key challenges
- Review of existing systems to measure and monitor sustainability performance
- Collect, collate, and interpret data against key performance indicators
- Develop report contents
- Strengthen internal controls to measure and monitor sustainability performance

Which guideline did we use?

We considered globally acclaimed The Global Reporting Guidelines (G3) and United Nations Global Compact principles on Human rights, Environment and Corruption to develop the report contents. We have also performed peer reviews to understand the reporting trends and stakeholder expectations

What are our observations?

- **MATERIALITY:** IHCL has defined its material issues as key priorities which adequately represents its business. Discussion with senior leadership team helped in arriving at these priorities and going forward IHCL may set appropriate goals and targets under each priority area to strengthen its sustainability performance. IHCL needs to embed aspects of sustainability into regular business processes for achieving a 360° business excellence.
- **STAKEHOLDER INCLUSIVENESS:** IHCL has identified its stakeholders and explained in the report how it engages with them through several communication channels. The communication process may be expanded and improved, incorporating new tools and practices that permit constant evolution of the dialogue and relationship with its varied stakeholders.
- **SUSTAINABILITY CONTEXT:** The report presents a business case for sustainability and addresses the wider context of sustainability by presenting information on various strategic business units and other brands. IHCL at present does not have board level insight into sustainability performance which may not make this initiative itself a sustainable one. IHCL may consider forming a board level committee to strengthen governance for sustainability.
- **COMPLETENESS:** The report covers triple bottom line performance significantly. While auditability of data related to parameters covered by the Green Globe™ certification is robust, there is scope to improve data collection systems for social performance indicators. IHCL may consider integrating sustainability related KPIs with existing management information systems.



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AA – Affirmative Action	HRMS – Human Resource Management Index	PACE – Performance Alignment and Competency Enhancement
AGM – Annual General Meeting	ICDS – Integrated Child Development Scheme	PMS – Performance Management System
ARR – Average Room Rate	IHCL – The Indian Hotels Company Limited	PPP – Public Private Partnership
BAS – Building Automation Systems	INR – Indian National Rupee	RCL – Roots Corporation Limited
CDP – Carbon Disclosure Project	ISO – International Standards Organisation	SC – Scheduled Caste
CFC-11 – Trichlorofluoromethane	ISO 14001 – Management Systems	SHG – Self Help Groups
CFL – Compact Fluorescent Lamp	ISO 22000 – Management Systems	SOx – Oxides of Sulphur
CFT – Cross Functional Team	ITI – Industrial Training Institutes	SPEED – Special Program for Employee Education and Development
CO2 eq. – Carbon Dioxide Equivalent	Kg – Kilo Grams	SPM – Suspended Particulate Matter
CSL – Critical Systems Leaders	KL – Kilo Litres	ST – Scheduled Tribe
EARTH – Environment Awareness and Renewal at Taj Hotels	LED – Light Emitting Diode	STARS – Special Thanks and Recognition System
EPM – Enterprise Process Model	MJ – Mega Joules	TABE – Tata Awards for Business Excellence
ESS – Employee Satisfaction Survey	MW – Mega Watt	Taj SATS – Taj Singapore Airport Terminal Services Ltd.
F&B – Food and Beverage	NGO – Non Governmental Organisation	TAP - ME – Taj Acculturation Process for Managing Excellence
GHG – Green House Gases	NOx – Oxides of Nitrogen	TBEM – Tata Business Excellence Model
GJ – Giga Joules	ODS – Ozone Depleting Substances	TCoC – Tata Code of Conduct
GM – General Manager	OHSAS – Occupational Health and Safety Assessment Series	TPAM – Tata Positive Assurance Model
GRI – Global Reporting Initiative	OHSAS 18001 – Occupational Health and Safety Management Systems	UNGC – United Nations Global Compact
GSTS – Guest Satisfaction Tracking System		YOA – Year of the Associate
HACCP – Hazard Analysis and Critical Control Points		

feedback

This questionnaire has been developed to know your opinions about Indian Hotels Company Ltd (IHCL) 2008 - 09 Sustainability report. The information will be kept confidential and will be used for improvement purpose.

You will only need three or four minutes to complete it. We appreciate your feedback.

Please provide the following personal details

Gender

- Male
- Female

Education

- Basic schooling
- High school
- Technician
- Graduate

Institution where you work or study:

1. The nature of your relationship with IHCL is best described as:

- National authority
- Financier/investor
- Certifying organisation
- Other hotel company
- Community near our hotels
- Supplier of goods/services to IHCL
- Family of IHCL associates
- Social organisation
- Local and/or regional authority
- Customer
- Non-governmental organisation
- Media
- IHCL union leader
- IHCL contractor
- IHCL associate
- Other (please specify)

2. How did you obtain IHCL's 2009 Sustainability report?

- IHCL gave/sent it to me
- Another organisation/person gave/sent it to me
- Through the IHCL/UNGC website

3. Please indicate the sections of the Report that you considered most interesting:

- The promise of the 'Taj Experience'
- The Taj landscape
- Measurement of dependability
- Statement of trust
- Our moral fibre
- Well-equipped to seize the pros and manage the cons
- In trusted hands
- A robust backbone
- A culture of dialogue
- Aligning our priorities
- Ensuring your safety
- Delighting you
- Committing to the planet
- Being an employer of choice
- Optimising revenues
- Building livelihoods
- Building on our legacy

4. Given what you have read, how do you evaluate IHCL's performance in the following areas? With 1 being the worst and 5 the best evaluation:

	1	2	3	4	5
Environmental performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Please indicate your response to the following questions:

The information in the report is useful?

- Not at all
- Partially
- Completely

Do you think the information is transparent?

- Not at all
- Partially
- Completely

6. How do you evaluate the report in general? With 1 being the worst and 5 the best evaluation:

	1	2	3	4	5
General opinion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you are interested in receiving the 2010 Sustainable development report, please complete the following details:

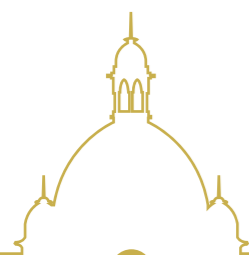
Name

Email

Postal address

City

For any feedback/queries, please contact Mr Vasant Ayyappan at vasant.ayyappan@tajhotels.com

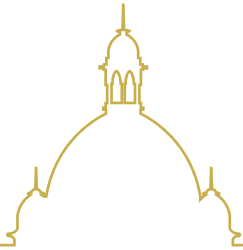


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Mr. Vasant Ayyappan
Director Corporate Sustainability
Indian Hotels Company Limited
Oxford House
15 / 17 N F Road, Apollo bunder,
Mumbai - 4000 01

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