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BEYOND THE NUMBERS



INDIAN HOTELS COMPANY LIMITED
CORPORATE SUSTAINABILITY REPORT 2012-13

BEYOND THE NUMBERS

At Taj Hotels, we have always believed in giving back to society what we earn from it. Which is why, over the last 11 decades, we've made corporate citizenship integral to who we are.

Whether it's our efforts in environmental preservation or our community building initiatives, our legacy restoration programs or our education drives, every little thing we do is with the intent of making a difference to the lives of others.

The Corporate Sustainability Report 2012-13 bears testimony to the fact that at Taj, goodness is not an afterthought - it is a habit. Each day, in all that we do, we make sure to look beyond the numbers and focus on the bigger picture - to make change happen.

Which is why, for this edition of our Corporate Sustainability Report, we've created a unique 'Give Back' font that uses significantly lesser ink when printed. Each page of this report uses this special font, so that between the hundreds of copies of this report that are distributed, we still do our bit to preserve the environment. Every character in the font has been inscribed with micro-hexagons, inspired by the Taj logo, that most printers can print without distortion thereby saving a significant amount of ink. This is just another small way in which we're furthering our commitment to the planet and strengthening our belief of how simple it is to make the world a better place.

 To get the freely distributed font for your use please email us on: giveback@tajhotels.com

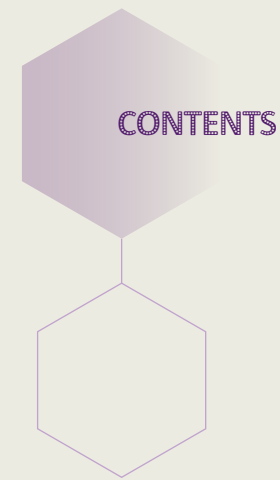


ABOUT THE REPORT

This report tells you all about Indian Hotels Company Limited's (IHCL) sustainability impacts and performance. Published annually, our tenth sustainability report covers the performance data and information for the financial year 2012-13. This report is based on the Global Reporting Initiative's G3.1 Guidelines and also serves as our Communication on Progress to the United Nations Global Compact. This year, we have also aligned our report with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, released by Ministry of Corporate Affairs, India.

The report is prepared keeping in mind our different stakeholders and their needs for information on our sustainability agenda and performance. It is structured in such a way that our initiatives and performance on prioritised critical issues are highlighted, both of which are of importance to us and our stakeholders.

The analysis of our performance is presented in individual sections of the report and references, where appropriate, are made to additional sources of information like our websites, annual report and earlier sustainability reports. The GRI content index, UNGC index and NVG-SEE mapping presented in the report are intended to methodically guide the stakeholders to find relevant information on sustainability aspects that may be of specific interest to them.



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PERFORMANCE HIGHLIGHTS OF OUR ACHIEVEMENTS IN LAST THREE YEARS



MESSAGE FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER





MESSAGE FROM THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Dear Reader,

I am glad to present to you our 10th Corporate Sustainability Report and share with you insights on how we conduct our business responsibly, while creating lasting value for our stakeholders. This report is a reflection of our sustainability performance for the year 2012-13 and is developed based on GRI G3.1 guidelines, conforming to the 'A+' application level. It also serves as Communication on Progress, in support of our commitment to the United Nations Global Compact (UNCG) principles, and is externally assured by KPMG.

Over the past 110 years, IHCL has evolved tremendously in keeping with the times and our guests. And while we believe it is this agility that has made us one of the largest and most respected chains of hotels in South Asia today, what has remained unchanged over all these years is our value system. Inspired by the Tata legacy of entrepreneurship for greater community good, we've always sought to look at profits beyond the numbers. Rather, we've tried to understand and do what we can to profit the society and environment within which we function. The passion of our associates, who relentlessly work with integrity to delight guests, empower communities and conserve nature, is what defines our culture and is also our core strength & competitive advantage.

Travel and tourism as an industry continues to grow and impact the economy significantly. Among the many direct and indirect economic impacts of this industry, the ones of note are its contribution to GDP, the supporting and creating of jobs, its impact on foreign exchange and increased investments. By 2023, this industry is expected to contribute around 10% to global GDP and employment - a figure that assures us of the huge role it has to play in the days to come. Industry trends, in fact, suggest that growth is likely to be driven by emerging economies, with China being expected to overtake USA as the largest travel and tourism economy. These future prospects excite us, despite the impact of economic volatility on the hospitality sector in the recent past. Having understood these trends, we are strategically making investments to seize these growth opportunities, by catering to new destinations - both, in India and abroad. And we're confident that our exciting philosophy of customer delight, together with our unique and exhaustive brand architecture, will deliver value at differential price points to a varied set of guests and will be our game plan to stay ahead of the curve.

While we continue to grow and explore new destinations, I believe that the way in which we grow is equally important to determine our future sustainability. We intend to further our legacy by operating responsibly, promoting transparency, taking care of our people and communities, and minimizing our impact on the environment. Beyond our operations, our sustainability efforts are also focused towards contributing to greener and safer destinations, and encouraging responsible tourism. And it gives me great pleasure to share that our approach of integrating sustainability with our business practices, has

been cited as one of the best examples in the UNGC publication 'Growing in Your Sustainability Commitments: A Roadmap for Impact and Value Creation'.

At the helm of our growth story are our dedicated associates. As a people company, we do our best to help them grow in a vibrant and inspiring work environment, by bringing out the best of their potential and suitably rewarding them. The safety and security of our people, assets and communities is another aspect of our business that remains uncompromised. Robust safety management systems, along with training and awareness on these systems, are aimed at making safety and security integral to our everyday operations and establishing a work culture that's sensitive to these issues. Whether it's about minimising the chances of accidents and injuries, or going the extra mile to ensure our female associates and guests are always safe, we do what we must and more to make our workplaces and hotels comfortable in whatever way we can.

Beyond our immediate working environment, we're also aware of our responsibility towards the external environment at large. We constantly work towards reducing our environmental footprint, by adopting hotel designs and technologies that are smart, thoughtful and considerate. While our existing hotels continually take up energy and environment projects under the EARTH initiative, upcoming new hotels have green features embedded right at the design stage to create environmentally sustainable infrastructure. Energy, water, waste and biodiversity management are key focus areas of our green endeavours and our focused efforts on these aspects, complemented by the heightened environmental sensitivity of our associates, help us in protecting the environment. The EARTHCHECK™ certification process that we follow reaffirms our commitment towards creating a greener and better planet. Till date, 61 of our hotels have achieved the EARTHCHECK™ Silver certification, while 10 hotels have achieved the Bronze certification.

As a hospitality company, we also understand that it is not just our guests whom we're meant to serve. Which is why 'Building Sustainable Livelihoods' is the cornerstone of our corporate responsibility agenda. Our livelihood initiatives aim to empower the rural and less-privileged youth with skills that make them employable in the hospitality sector. This also serves to meet the increasing industry demand for skilled and well-groomed manpower. Towards this goal, we work with various like-minded partners, including corporate organisations, government agencies and developmental institutions, to deliver vocational training programs. Additionally, the Taj Public Service Welfare Trust continues to selflessly render support to victims of terror, natural calamities and other tragic events that inflict damage to life and property. We are committed to the development of socially disadvantaged sections of society through Affirmative Action (AA) initiatives. To promote the arts, culture and heritage of India, we provide platforms for local artisans and cultural troops to showcase their talent and keep these invaluable traditions alive. And to make sure that our associates and partners are also involved in community development, we've designed a 'Give Back' campaign that helps them collaborate and spare their time, knowledge and efforts towards causes they care about. Our

efforts have been recognized by leading travel publications such as Conde Nast and Travel & Leisure.

All our sustainability efforts together reaffirm how strongly we feel about creating a better world. I am confident that, with the continued support of our stakeholders, we will leap into the future as a model enterprise that is committed to sustainable development. As always, I welcome constructive feedback on this report that will help us further refine our processes to serve the best interest of all stakeholders.

Raymond Bickson
Managing Director & Chief Executive Officer

OUR LEGACY



"We do not claim to be more unselfish, more generous or more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the shareholders our own, and the health and welfare of the employees, the sure foundation of our success."

- **Jamsetji Tata, Founder Tata Group**



"No success or achievement in material terms is worthwhile, unless it serves the needs or interests of the country and its people, and is achieved by fair and honest means."

- **JRD Tata, Ex-Chairman**

"What I would like to do is to leave behind a sustainable entity of a set of companies that operate in an exemplary manner in terms of ethics, values and continue what our ancestors left behind."

- **Ratan Tata, Chairman Emeritus**



"We must differentiate ourselves from our competitors through a greater understanding of customer needs and a culture built around customer centricity, innovation, and a focus on profitable growth. We will need to be relentless in our pursuit of improving our competitiveness and in addressing the small issues that are often overlooked, but end up making a significant difference in the value proposition of our products and services. In doing so, we will have to carry along all our key stakeholders - employees, shareholders, suppliers, lenders, partners, communities we are present in, governments - and do so in the sustainable Tata way. After all, ultimately our very purpose is long-term stakeholder value creation."

- **Cyrus Mistry, Chairman Tata**

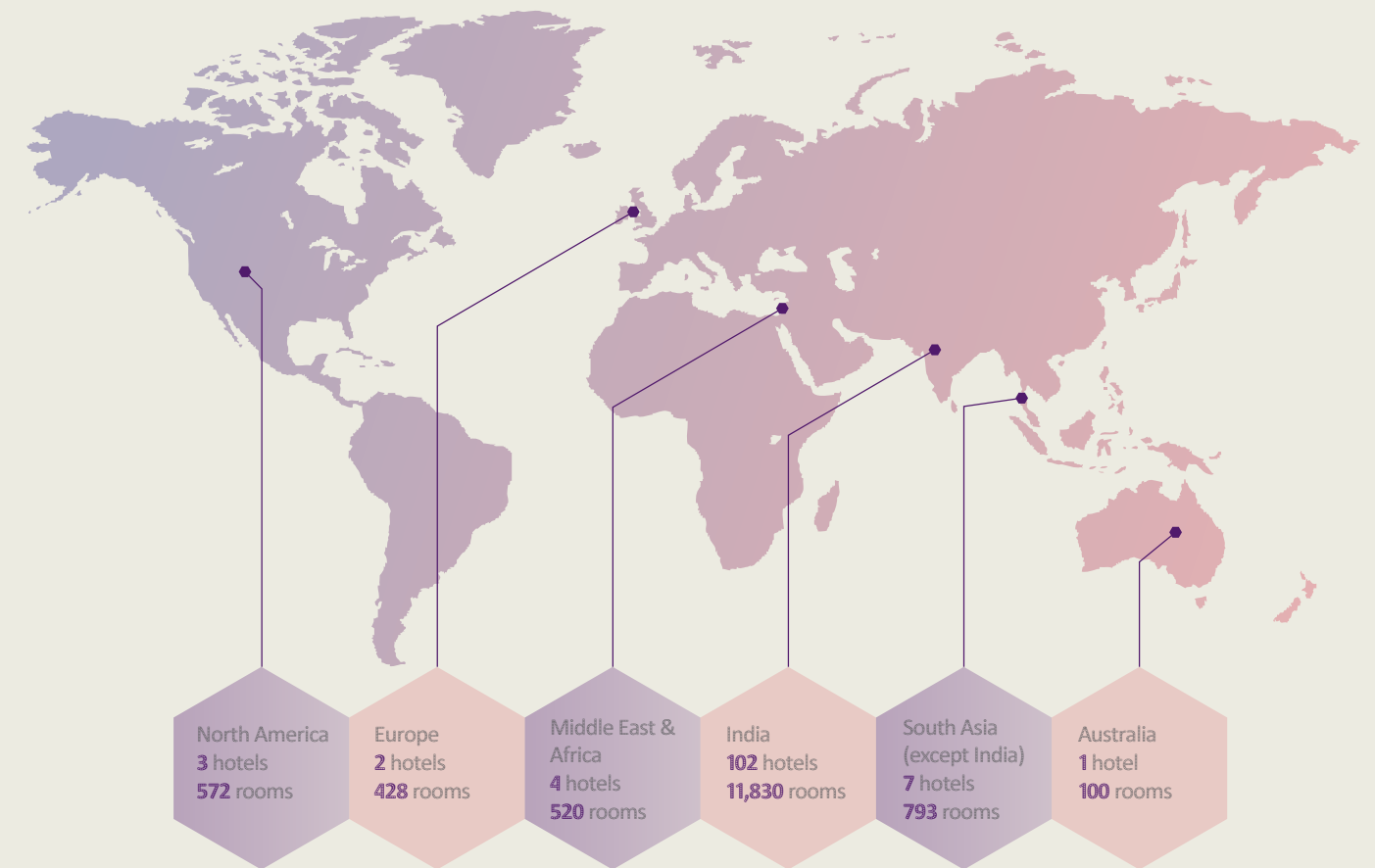
110 YEARS OF THE TAJ



A 110-year-old legacy of impeccable service and inimitable hospitality. A brand that stands for warmth and care. A culture that's rooted in Indian traditions and a vision that seeks to reinvent them. A global presence that graces iconic landmarks, important industrial towns and cities, beaches, hill stations, historical and pilgrim destinations, and wildlife sanctuaries. These are some of the few things that define who we are and also the reason why we are Asia's largest, finest and deeply loved chain of hotels.

GLOBAL FOOTPRINT

- **12** Countries
- **119** Hotels
- **14,423** Rooms
- **3,194,206** Room Night Sold
- **25,060** Associates
- **708** Mega Joules (MJ) energy consumed per room night
- **92** Kilograms CO2 emissions per room night
- **1.95** Kiloliters water consumed per room night



To know more about us, visit www.tajhotels.com



Luxury - India & International

Luxury (luxury full-service hotels, resorts and palaces) is our flagship brand for the world's most discerning travellers seeking authentic experiences. Taj Exotica (luxury leisure resort and spas) is found in the most exotic and relaxing locales of the world, defined by a sensibility of intimate design, varied and eclectic culinary experiences, impeccable service and authentic Indian spa sanctuaries. Taj Safaris (wildlife resorts) offer India's first and only wildlife luxury lodge circuit, providing guests with the ultimate, interpretive wildlife experience based on a proven sustainable eco-tourism model.

 To know more about Taj Luxury Hotels Resorts and Palaces, visit www.tajhotels.com/Luxury



Vivanta by Taj

Vivanta by Taj is designed for the work-hard-play-hard traveller looking for a contemporary and imaginative take on hospitality. Snazzy, sophisticated and chic, these hotels offer experiences that promise to energise, invigorate and inspire guests, while they immerse themselves in a sensory lifestyle. Every stay exudes vitality, vivacity and vividness, and presents the normal with an unexpected twist of surprise.

 To know more about Vivanta Hotels and Resorts by Taj, visit www.vivantabytaj.com



The Gateway Hotels & Resorts


The Gateway Hotels & Resorts (upscale/mid-market full service hotels and resorts) offers business and leisure travellers consistent, quick and crisp service to satisfy their needs for comfort, familiarity and flexibility. Keeping things simple, the hotels are designed to relax and refresh guests with contemporary experiences across eight zones - enter, stay, hangout, meet, work, workout, unwind and explore.

 To know more about The Gateway Hotels and Resorts, visit www.thegatewayhotels.com




Ginger

Ginger (smart basics) is uniquely designed to deliver intelligent, well-thought-out facilities and services at a 'value' pricing. It caters to new-age travellers who value simplicity, convenience, informality, style, warmth, modernity and affordability.

 To know more about Ginger Hotels, visit www.gingerhotels.com

TajSATS


TajSATS is a joint venture of IHCL and SATS (formerly known as Singapore Airport Terminal Services) and the market leader in airline catering in South Asia. With state-of-the-art technology and advanced kitchen equipment that ensure hygienic food production and handling, TajSATS provides in-flight catering in Mumbai, Delhi, Chennai, Kolkata, Amritsar, Goa and Bangalore, and manages airport lounges in Mumbai and Chennai.

 To know more about TajSATS, visit www.tajsats.com



Jiva Spas

Jiva Spas by the Taj Hotels is a unique wellness concept that is rooted in ancient Indian healing knowledge. Sensitively expressed by trained therapists, the award-winning, all-natural Jiva Spas promise a whole new experience of tranquillity and redefine soul-searching in the world of the modern traveller.

 To know more about Jiva Spas, visit www.tajhotels.com/jivaspas

Taj Khazana

Taj Khazana, a chain of luxury lifestyle stores located across select Taj Hotels, celebrates the arts and cultures of India, by showcasing the creative talent of local artisans. The stores stock a diverse collection of artifacts created by master craftsmen, each trying to capture a regional flavour with their work. Taj Khazana works with artisans and weavers across the country to support them by providing sustainable market access.

 To know more about Taj Khazana, visit www.tajhotels.com/taj-khazana.html





Name of the Director	Status
Mr. Ratan N. Tata (Ex-Chairman) ^[a]	Promoter, Non-executive
Mr. Cyrus Mistry (Chairman) ^[b]	Promoter, Non-executive
Mr. R.K. Krishna Kumar (Vice Chairman)	Promoter, Non-executive
Mr. K. B. Dadiseth	Independent, Non-executive
Mr. Deepak Parekh	Independent, Non-executive
Mr. Jagdish Capoor	Independent, Non-executive
Mr. Shapoor Mistry	Independent, Non-executive
Mr. Nadir Godrej	Independent, Non-executive
Ms. Anu Aga ^[c]	Independent, Non-executive
Mr. Guy Lindsay Macintyre Crawford ^[d]	Independent, Non-executive
Mr. Raymond N. Bickson	Executive
Mr. Anil P. Goel	Executive
Mr. Abhijit Mukerji	Executive

[a] Retired as Director & Chairman, effective December 28, 2012

[b] Appointed as Director & Chairman, effective December 28, 2012

[c] Resigned as Director on June 6, 2012


[d] Appointed as Director, effective March 27, 2013


A FOUNDATION OF ETHICS

The first thing that comes to anyone's mind when you say 'Tata' is trust. It is by far the most important aspect of the brand and we are proud to be at the roots of this lineage. Governance plays an important role in shaping our organisation's culture and our governance model is inspired by the Tata legacy of 'leadership with trust'. Also at the core of our governance model are the Tata Code of Conduct (TCoC) and Tata Value System, both of which guide to operate with ethics and integrity. Corporate governance, adopted as a way of life at IHCL, directs us to discharge our duties towards our stakeholders in a fair, transparent and accountable manner.

At the helm of company affairs is the Board of Directors. The Board is responsible for shaping our growth and success strategically and for reviewing our performance. It is important that the Board of Directors comprises people who can always act in an unprejudiced and fair manner, in the interest of all stakeholders. Which is why we make sure we comply with the corporate governance standards of the listing agreement with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), and have constituted a Board with Executive, Non-executive, as well as Independent Directors. Currently, the Board is constituted of people with varied experiences - from banking and hotel management, to finance, social service and architecture. Such an eclectic mix of people, we believe, proves to be of immense value in guiding us in our economic, environmental and social affairs. Feedback from stakeholders is also critical, as it helps the Board understand their expectations and concerns. The analysis of stakeholder feedback collected through various engagement methods is appropriately presented to the Board.

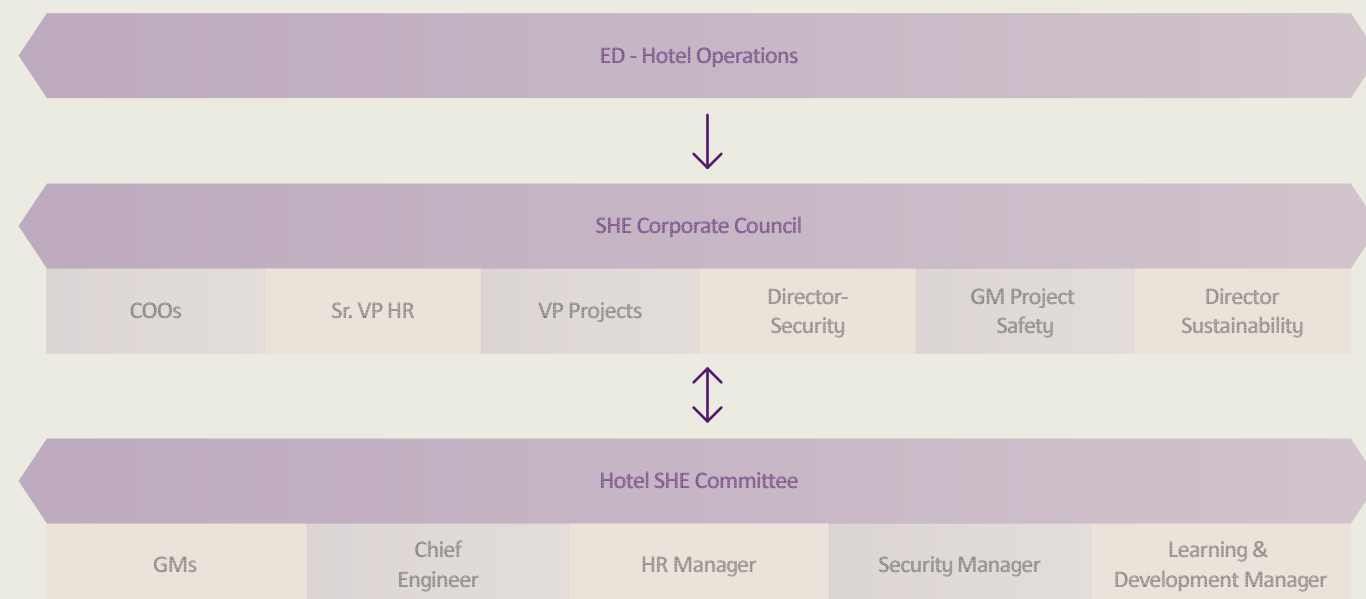
To ensure the organisation functions smoothly and in order to report effectively to the Board and our stakeholders, we have established various business processes and controls. The Strategic Planning Process (SPP), based on the Tata Business Excellence Model (TBEM), helps us in establishing our objectives, strategies and standard operating processes. These objectives set measurable targets for the brand, for our hotels and for individuals through a Balance Scorecard approach. This year, Balance Scorecards across hotels and key corporate functions have been automated, so that managers across levels can access data and information relevant to their role and responsibility easily. The internal audit framework, surveillance audits, mystery audits, Tata Business Excellence Model (TBEM) assessments, benchmarking and certification processes help us measure how effective systems are and improve them constantly. The outcomes of all these business processes and controls form critical input to the Board and senior leadership reviews.

 To know more about our risk management framework and management system, refer to our Corporate Sustainability Report 2010-11 (Page 21-24), accessible at www.tajhotels.com/About-Taj/Company-Information/8th-Corporate-Sustainability-Report.pdf

 To know more about our risks and concerns, mitigation plans, internal controls and adequacy, refer to our Annual Report 2012-13 (Page 27-29), accessible at www.tajhotels.com/About-Taj/Investor-Relations/Annual-Reports.html



IHCL SHE Governance Structure



We have three committees at the Board level to assist them in overseeing the company's performance and discharging their fiduciary & other responsibilities. These committees are:

- The Audit Committee
- The Share Transfer & Shareholders'/Investors' Grievance Committee
- Remuneration Committee

The Board of Directors is assessed to evaluate their individual and overall performance. The assessment is based on their attendance, privacy and conflicts of interest, industry knowledge, succession planning, and involvement with leadership. The results of this assessment help the Board better its own performance. Sustainability matters concerning safety, security and environment are of priority to

us. To oversee the consistent deployment of Safety, Health and Environment (SHE) standards across our hotels, we have formed a SHE committee headed by Executive Director - Hotel Operations.

To know more about our Corporate Governance, visit www.tajhotels.com/About-Taj/Investor-Relations/corporate-governance.html

To know more about our Board of Directors and Board Committees, refer our Corporate Governance Report 2012-13, accessible at www.tajhotels.com/About-Taj/Investor-Relations/corporate-governance.html

Recognition of our business excellence

Since adopting the Tata Business Excellence Model (TBEM) as an important tool to drive business excellence and deliver results, we have been assessed on various criteria. Accordingly, each Tata Group company is measured on process improvements, new initiatives, innovation projects and business results every year. Business results are based on various aspects of TBEM, such as leadership & governance, innovation, operations, customer focus, workforce focus and supplier/vendor focus. Over the years, the model has evolved to include emerging and relevant business topics of climate change and sustainability. These assessments are used to compare the companies that consistently try to infuse business excellence in their culture. The winner takes home the coveted JRD QV Award, established in honour of JRD Tata - a visionary who tirelessly pursued perfection and excellence. Our relentless efforts to drive business excellence through our 'Guest First' business approach fetched us the prestigious JRD QV Award this year.

Ethical Behaviour

Ethical behaviour is what defines us vis-a-vis others in a fiercely competitive corporate world and is part of our DNA. Our ethical culture is defined by thousands of associates who live our values each and every day. We have adopted the Tata Code of Conduct (TCoC) at the policy level to support our value system. TCoC has definitive clauses on a host of Tata Group values including ethics and integrity, and helps senior leaders, associates and other stakeholders understand what is expected of them. At the enterprise level, TCoC values are integrated across our processes. At the people level, the culture is driven from the top. Leaders are encouraged to be the role models of our values, to create an environment where associates act on beliefs. Sensitising associates on TCoC is a continuous process, to

reinforce the ethical values at all levels. During the year, a total of 27,514 person-hours were spent in training associates and other relevant stakeholders on TCoC. We have also established an efficient process to implement, monitor and review the adoption of TCoC, not just by our associates, but also by relevant stakeholders. Similarly, the Whistle Blower Policy, Prevention of Fraud and Misappropriation of Funds Policy and Sexual Harassment Redressal Policy set expectations and norms of ethical behaviour. We also have processes in place to track and resolve concerns, if any, on these matters when reported by associates or other stakeholders.

To know more about Tata Code of Conduct, visit www.tata.in/aboutus/articles/inside.aspx?artid=NyGNnLHkaAc=

To know more about implementation of Tata Code of Conduct at IHCL, refer to our Corporate Sustainability Report 2010-11 (Page 17), accessible at www.tajhotels.com/About-Taj/Company-Information/8th-Corporate-Sustainability-Report.pdf

Compliance with all regulatory and legal requirements is the minimum criteria we always meet in all our processes, while we continually try to perform at industry best benchmarks. Our risk management framework and various management systems are designed to proactively help us identify new statutory/legal requirements or events that might potentially affect the company and take action to mitigate/address the same. For instance, we proactively implemented Hazard Analysis and Critical Control Points (HACCP)/ISO 22000/SafeKey Audits in advance, the requirements of which were then adopted by Food Safety and Standards Authority of India (FSSAI) as a resolution regarding food safety.



TOWARDS A SUSTAINABLE FUTURE



STAKEHOLDER ENGAGEMENT

Our stakeholders are an important aspect of our organisation. In fact, our core competence of 'Building Relationships' is strengthened by how we engage with our stakeholders. Stakeholder engagement draws from our culture and values to build, sustain and nurture relationships at different levels. To engage well with our stakeholders, we simply listen to them through different channels of communication and understand their expectations. Their feedback helps us continuously refine our business planning, by addressing their

concerns. Beyond this, we also constantly evaluate the effectiveness of our engagement methods to better ourselves in serving the needs of our stakeholders. The outcome of stakeholder engagement is linked to the prioritisation of sustainability critical issues for IHCL. Almost all our stakeholder engagement processes rely on two-way communication, wherein we also communicate to the stakeholders the action plans/decisions emerging out of the engagement. The stakeholder engagement map presented below highlights our engagement process with various stakeholders.

Stakeholder Group	Engagement Mechanisms	Frequency of Engagement	Agenda of the Engagement	Process to Verify Effectiveness
Shareholder	Annual General Meetings Quarterly reports to shareholders Analyst meets	Annual Quarterly Twice a year	Financial performance, broad future strategies, address concerns, shareholders' approval as required	Transcript of teleconference, minutes of Annual General Meeting questions
Guest	Strategic level meetings with key customers Advisory boards Guest contact	As per calendar	Guest feedback, acquiring business, building relationships	Minutes, action plans, 3-tier reviews, guest satisfaction tracking survey
Investors and Partners	Partner meets, investor meets	Annual Quarterly	Financial performance, broad future strategies, address concerns, visits to potential sites	Minutes, action plans, 3-tier reviews
Government	Meeting with government and ministries, participation in advisory meetings boards	As required	Relationship building, apprising Govt. agencies on industry constraints & suggesting ways ahead	Minutes, action plans, 3-tier reviews
Suppliers/Vendors	Vendor meets, rate negotiation meetings	Annual, as required	Expectation setting, address of concerns, partnering for innovation	Minutes, action plans, 3-tier reviews
Community/Society	Meeting with government agencies, NGOs, community representatives	As required	CSR initiatives communication & capturing societal concerns	Minutes, action plans, letters (feedback), management of business ethics
Associates	Print, E-communique, video clips, hotel visits by senior leadership teams & walkthroughs, annual function & strategy meets/3-tier reviews, town halls, skip-level meetings, pre-shift briefings	Daily Quarterly As required	Organisation information - Taj & Tata, hospitality industry, best practice sharing, organisation goals & values, priorities, action planning, coaching opportunities, feedback, addressing concerns, idea generation, rewards & recognition, sharing & learning	Employee Satisfaction Survey, action plans, reviews

PRIORITISING CRITICAL ISSUES

Our effective engagement with our internal and external stakeholders helps us identify critical issues that are important to both us and our stakeholders. However, these issues are dynamic in nature and may vary based on changing stakeholder preferences and market conditions.

Our engagement model are designed in a manner that lets us consolidate stakeholder feedback and understand these dynamic issues. The issues are analysed against key risks, challenges and strategic priorities at the enterprise and hotel levels, to understand their impact on our company and our stakeholders. The results of this analysis are the prioritised critical issues, which our stakeholders expect us to address as a part of our strategy. This report is structured to highlight our complete range of actions and related performance on the following critical issues:

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

Optimising Revenues

Shareholders and investors invest in us to rightfully earn returns. We are, responsible for managing and growing the business in an efficient, ethical and sustainable manner while generating profits. Our future investments as part of our Game Plan, coupled with difficult market conditions and growing competition, have contributed to increasing cash outflow. Hence, revenue management remains one of the top priorities at IHCL. Optimisation of revenues, as we understand and have practised, is attained through effectively managing people, materials, services and infrastructure, without cutting corners or limiting capabilities.

Focusing on Customer Delight

Our signature and legendary 'Taj Experience' is all about creating unforgettable memories for our guests that they cherish over a lifetime. These experiences stem from our 'Guest First' culture, where our focus always remains on delighting our guests. Serving guests with products and services that exceed their expectations, proactively listening to their feedback and paying attention to detail is how we work towards enhancing customer satisfaction. Every aspect of our brands are designed in a manner that will help us achieve this goal. This proposition is strongly supported by our lifecycle approach (pre-, during and post-use), where feedback from our guests helps us better ourselves in providing unmatched and memorable guest experiences.

Ensuring Safety

The safety and security of our guests, associates, communities and assets is paramount at IHCL. We set high standards for safety and security, and do not compromise in our commitment to safeguard people and assets. Our safety and security management systems are improved upon continuously as we learn from the past, review our

existing systems and aim to always excel. Safety is driven across the organisation as a cultural and behavioural shift. The involvement of the Board through the apex level SHE (safety, health and environment) committee, headed by Executive Director - Operations, shows how serious we are about safety.

Developing Human Capital

At IHCL, we understand that our 'Guest First' culture is driven by our associates. Associate engagement is the pillar on which our customer experience rests, a notch above the rest. The central theme of our human capital strategy, associate engagement focuses on talent attraction, retention & development, workforce deployment, employee engagement, compensation architecture, workplace environment, leadership and succession planning. The consistent high performance of our associates is linked to the effective implementation of human capital plans. We always do what we can to shape and develop our associates, so that they imbibe our culture of customer delight.

Ensuring Environmental Excellence

A pristine environment with rich biodiversity enhances tourism and makes for more memorable guests experiences. Needless to say, along being our moral responsibility, environment conservation also makes a strong business case for us. Consumption of natural resources, energy & water, generation of emissions, effluents, & wastes, and our impact on biodiversity constitute our environmental footprint. By efficiently managing our assets and resources, however, we try to constantly increase our environmental productivity and minimise our impact on the environment. The use of renewable energy, energy conservation and waste management programmes have helped us in this regard. On the water management front, we continue to improve our water efficiency by enhancing water recycle & reuse measures and ensuring zero or minimal discharge to the environment. Generating energy from organic waste through composting is another area of focus for us. In fact, our upcoming hotels have green features inbuilt in the design stage itself, to ensure minimal environmental impact right from the start.

Creating Sustainable Livelihoods

We believe that organisations that connect their business needs to the economic and social development of communities are truly responsible and sustainable. Translating our belief into action, we have developed 'building sustainable livelihoods' as the core theme of our corporate responsibility agenda. This theme aims to bridge the growing need for trained & groomed manpower and able local vendors in the hospitality industry by creating livelihood opportunities. We are actively involved with governments, industry partners and civil society organisations to leverage our combined strengths and capabilities. The sections that follow from hereon give details on each of the above mentioned prioritized areas of focus. Through our programmes and associations, we hope to create sustainable communities by empowering our target groups to be independent earning members of society. We also continue to promote the rich heritage of India and support local artisans, to showcase their indigenous art and culture to the world.

FOCUSING ON GROWTH & PROFITABILITY



FOCUSSING ON GROWTH & PROFITABILITY


Industry Overview

Travel and tourism the world over has been gaining importance, as people have started taking a keener interest in exploring new destinations. As per the United Nations World Tourism Organisation (UNWTO), the international travel and tourism industry showed moderate growth and international tourist arrivals, worldwide, grew by 4% in 2012 compared to 2011. At the same time, the estimates of World Travel and Tourism Council (WTTC) highlight the growing importance of the travel and tourism sector to the global economy. The growth in international tourist arrivals was relatively higher in emerging economies compared to developed economies, which now has been a long-term trend of the industry. The hospitality industry's performance in India witnessed a decline in 2012, in terms of overall rates, occupancies and revenue per available room. This could be mainly because of the increased supply in the marketplace and this trend is expected to continue for the next few years, given the gestation period for new hotel supply.

Our Performance

This year, our total income grew moderately by 3.22% to INR 192.48 billion in 2012-13, while the operating expenses increased by 5% from INR 151.67 billion to INR 159.65 billion. Some of our long-term strategic investments continued to be impacted by unabated global recessionary conditions. Owing to this, the Profit After Tax (PAT) during the year reduced to INR (27.66) billion. We have also invested INR 14.24 billion during the year towards capital expenditure for our new projects and ongoing renovations at certain hotels. Our consolidated income along with that of our subsidiaries, joint ventures and associate companies increased to INR 380.35 billion by

8.21%. This was due to improved turnover from certain domestic subsidiaries and the benefit of forex conversion at a higher rupee rate. Consolidated PAT aggregated to INR (43.24) billion for the year.

 To know more about our economic performance, refer to our Annual Report 2012-13 (Page 30-34), accessible at www.tajhotels.com/About-Taj/Investor-Relations/Annual-Reports.html

Future Prospects

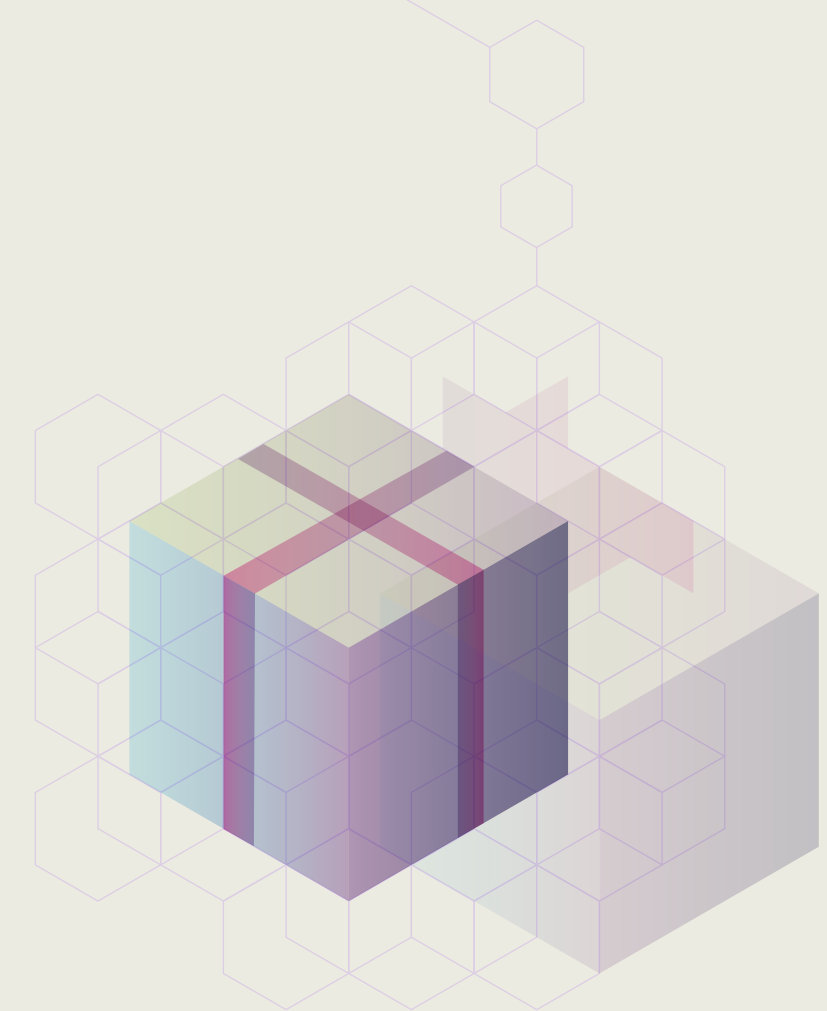
The UNWTO expects growth to continue in 2013 at 3%, in line with their long-term forecast. This growth is primarily expected to occur in Asia Pacific and America, while pressure will continue in the European and Middle East markets. As per WTTC, Foreign Tourist Arrivals to India are forecast to grow at a rate of 8% - 9% in the next few years and it is predicted that India will receive 14 million tourists by 2023. We anticipate that the volatility in the rupee valuation will drive further growth in foreign tourist influx, across business and leisure segments. Meanwhile, the increasing discretionary spends of the domestic Indian traveller will continue to drive domestic travel and tourism as well. Reports have estimated that the Asia Pacific region will add 0.38 million rooms, with the hotel development pipeline comprising over 1,700 hotels and including an addition of 54,478 new rooms in India.

We have positioned our brands to benefit from this expected growth in the international and domestic markets. While we have launched seven hotels during the year, we will continue our foray into over 15 new destinations in the domestic market. Our brand is also poised to strengthen its presence in the Middle East with the signing of a Taj luxury hotel in Dubai.



Source: World Travel & Tourism Council

A CULTURE OF DELIGHT & SURPRISES



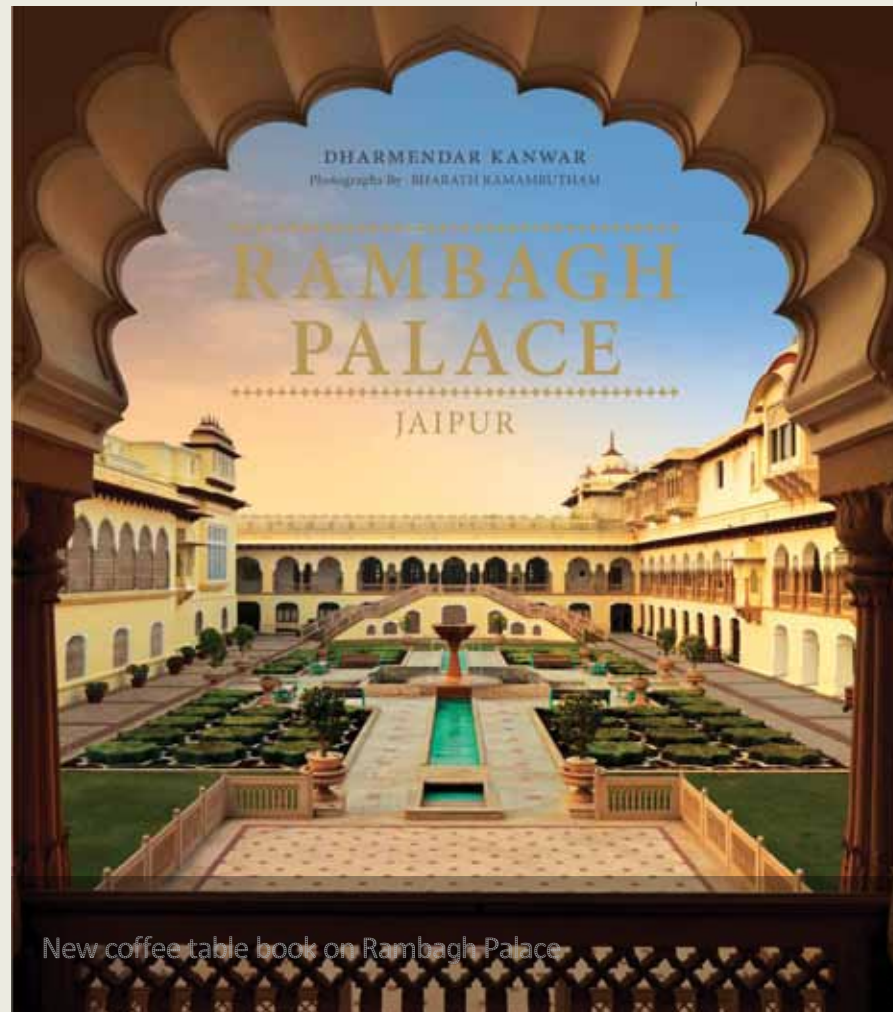
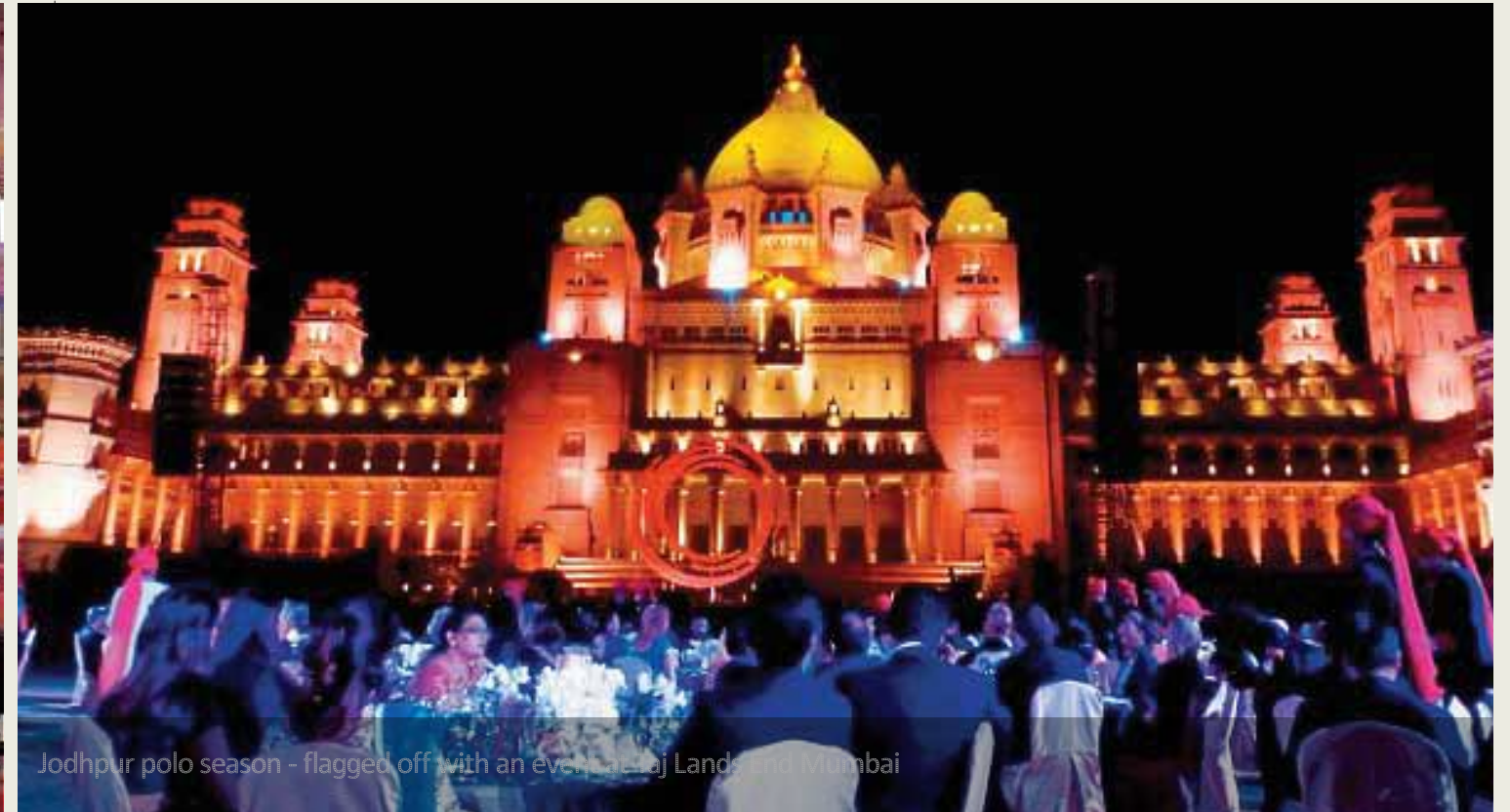
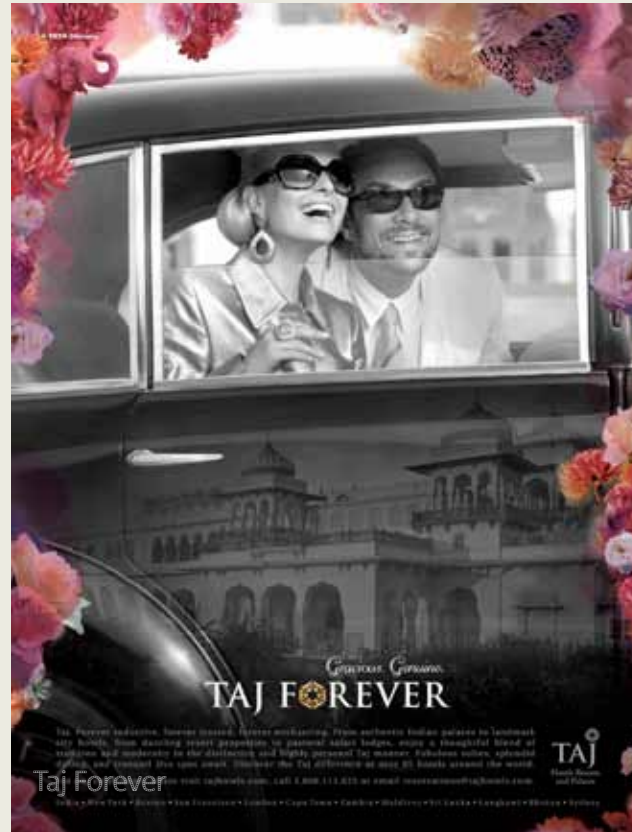
A CULTURE OF DELIGHT & SURPRISES

At Taj, customer delight is at the very core of what we do. Across our different brand offerings, our focus has always been on creating unique, memorable experiences that delight and surprise our guests. Even our warm and inviting restaurants, with their diverse and authentic flavours, have always been culinary landmarks in their own right, in the cities and towns where we operate.

Our ever-evolving products and services are a direct outcome of proactive guest engagement. Each of our brands is crafted to translate customer insights into guest experiences, and brand building events continue to be part of our key customer engagement strategy.

We value the Voice of Customer (VOC) and have systems in place to capture it across the lifecycle phases of customer interactions (pre-, during and post-use phases). Trends in the hospitality industry, market research, business development market scans, etc. are used to sense the pulse of customer expectations in various segments. Our unique customer delight programs like Taj Inner Circle, Surprises Campaign, Vivanta Avatars, etc., complement the efforts to enhance customer loyalty. In addition to the well-established VOC mechanism, we have recently also deployed Online Reputation Management processes. These processes are supported by an Internet marketing team, which analyses reviews and feedback for our products and services on social media sites.

Customer satisfaction measurement is extremely vital for us to consistently deliver the 'Taj Experience'. We have institutionalised an online guest feedback mechanism - the Guest Satisfaction Tracking System (GSTS). We regularly send out online questionnaires via email to our guests and the results are aggregated at corporate, brand and hotel level. We also monitor the customer delight performance of our competition through CSMM and Brand Equity Track (BET) survey scores. Measuring customer dissatisfaction helps us better understand guest needs and prevent recurrence. The dissatisfaction is measured through an online Customer Feedback System (CFS), which is linked to GSTS, and appropriate action steps are taken to address it.



Awards & Recognition

<p>Taj Hotels Resorts and Palaces was conferred the T+L Global Vision Award for Leadership, for our Corporate Social Responsibility activities.</p>	<p>Rambagh Palace was conferred the Rajasthan Energy Conservation Award, 2012 by the Government of Rajasthan, for its outstanding efforts towards energy conservation.</p>	<p>Taj Falaknuma Palace won the prestigious NDTV Good Times Lifestyle Hotel/Resort of the Year Award, 2013. Also ranked first on the list of Overseas Leisure Hotels in Asia and the Indian Subcontinent at the Conde Nast Traveller UK Readers' Travel Awards, 2012.</p>
<p>Taj Exotica Resort & Spa, Maldives ranked 1st on the Conde Nast Traveller USA Readers' Choice Awards, 2012 list of Top 15 Resorts in Asia.</p>	<p>Conde Nast Traveller India Readers' Choice Awards - The Taj InnerCircle was voted the 'Best Loyalty Program' in 2012. The Taj Group was also conferred the Award for Brand Excellence.</p>	<p>US Conde Nast Traveller Hot List 2013 - Jiva Grande Spa at Vivanta by Taj, Bekal was rated among 'Best New Spas in the World'. It was the only spa included in the list from India.</p>
<p>Mahua Kothi Jungle Lodge was honoured as the 'Most Inspirational Eco Lodge of the Year' at the 2012 Tour Operators for Tigers (TOFT) Wildlife Tourism Awards.</p>	<p>Business Traveller Awards 2012 - Best Business Hotel Chain in India - Taj Hotels Resorts and Palaces</p>	<p>Conde Nast World Savers Award 2013 - Taj Group won the World Savers Award, 2013 - Poverty Relief for our exemplary efforts in creating jobs for the youth in rural India.</p>
<p>Taj Palace, Marrakech and Vivanta by Taj - Madikeri, Coorg made it to the Travel + Leisure USA 'IT List' 2013 - The Best New Hotels of 2013.</p>	<p>The Wasabi (Taj Mahal Palace and Tower, Mumbai), Varq (Taj Mahal Hotel, Delhi) and Karavalli (The Gateway Hotel, Bengaluru) featured in San Pellegrino's list of 50 best restaurants in Asia.</p>	<p>Gallup Global Great Workplace Award for fourth year in succession.</p>

For the complete list of awards and accolades, refer to our Annual Report 2012-13 (Page 35-37), accessible at www.tajhotels.com/About-Taj/Investor-Relations/Annual-Reports.html

Taj - Upgrades

New Launches



Gateway - Upgrades



Newly renovated Pan-Asian restaurant and bar at the Gateway Hotel, Ernakulam



Re-launched the speciality restaurant Pancharatna at the Gateway Hotel, Nashik



Newly renovated Ayurvedic Spa at the Gateway Hotel, Calicut

Vivanta by Taj - Upgrades



Upgraded Oriental restaurant 'Memories of China' at Vivanta by Taj, Bengaluru



New restaurant 'By the Bay' at Vivanta by Taj, Bekal



New guest rooms at Vivanta by Taj, Bentota, Sri Lanka

TAJ - A PREFERRED CHOICE OF WORLD LEADERS

Host to the world's eminent leaders, celebrities, and royalty and some of the Heads of States who chose to stay at Taj hotels during the year include:

- HE Julia Gillard, Prime Minister of Australia at The Taj Mahal Hotel, New Delhi
- HE Khalifa bin Salman Al Khalifa, Prime Minister of Bahrain at Taj Falaknuma Palace, Hyderabad
- HE Daniel Kablan Duncan, Prime Minister of Côte d'Ivoire at Taj Palace, New Delhi
- HE Francois Hollande, President of France at The Taj Mahal Palace Mumbai and Taj Palace, New Delhi
- HE Mohammed Waheed Hassan, President of the Maldives at Taj Palace, New Delhi
- HE Thein Sein, Prime Minister of Myanmar at The Taj Mahal Hotel, New Delhi
- HE Juan Carlos I, King of Spain at Taj Mahal Palace, Mumbai
- HE Mahinda Rajapaksa, President of Sri Lanka at Taj Palace, New Delhi
- HE Emomalii Rahmon, President of Tajikistan at Taj Palace, New Delhi
- HE David Cameron, Prime Minister of UK at The Taj Mahal Palace, Mumbai and Taj Palace, New Delhi

Vivanta Motifs

Each Vivanta by Taj has unique experiences to offer to guests - signature 'must dos' and 'must sees' that represent an imaginative take on destinations and their cultures. These are Vivanta Motifs - just another way in which Vivanta seeks to redefine hospitality with an inspired twist



Timeless Weddings at Taj

A wedding is one of the most important and cherished events in a person's life and Taj makes it even more special with the grandeur of a royal setting. Staying in tune with the growing wedding market in India we sought to immortalise this special day by coming out with a new identity - 'Timeless Weddings at Taj' which encompasses weddings, renewal of vows, anniversaries, honeymoons and more.



Vivanta by Taj - Madikeri, Coorg

Vivanta by Taj - Madikeri, Coorg entices guests to discover the glory of Nature at her luxurious best. Nestled in the living rainforest of Coorg, this 180-acre expanse is built to co-exist with nature and uses eco-friendly designs and materials in construction. This Vivanta by Taj property was developed along the natural lay of land, without displacing a rock or cutting a hill. Each cottage, suite, villa and room opens up to a breathtaking view of the rainforest at an altitude of 4,000 feet. It is a perfect example of luxury bundled with nature. Our Taj Safari lodges in Madhya Pradesh are built on the same ethos.



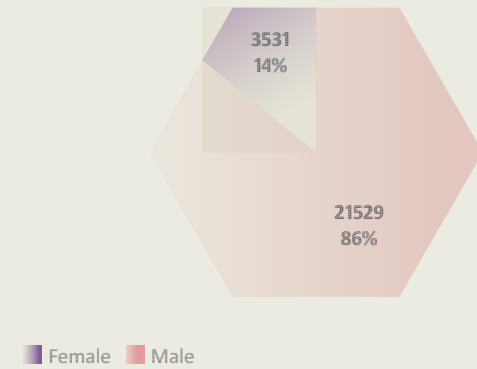
OUR PEOPLE, OUR POWER



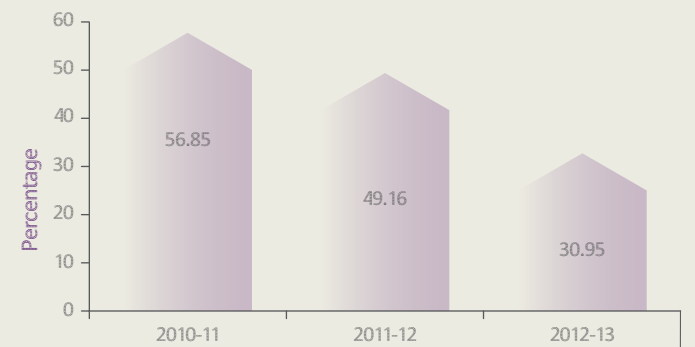
Our culture of customer delight trickles across every level of our organisation, right down to our associates. In fact, the relationships our associates build with our guests are pivotal to our 'Guest First' culture and hence associate engagement forms a vital part of strategies to achieve our 'Game Plan'. Our HR plans are aimed at engaging, developing and empowering our associates encouraging them to actively delight our guests in all that they do.

We have developed a HR Strategy which supports our Vision, Game Plan and Values and is inspired by the Tata culture of being an employee-friendly organisation. Associate hiring and diversity of experience is driven by both, the need to have the right number of people to carry out current operations and also to meet our Game Plan growth requirements. Our workforce strategy pays attention to the diversity of skills, talents and cultural backgrounds, which in turn shapes our hiring and development practices. We have developed a structured on-boarding process 'TAP-ME', which meets specific requirements of different associate groups. Taj has been, for a long time, known as an employer of choice, thanks to our strong reputation for providing excellent training and lateral mobility through the vast Taj and Tata group network. Our retention efforts are focused on a core group of associates who provide the stability and knowledge base for the organisation. Our attrition rate during the year was 27.03%, which is well below the industry average of 35%. During the year, we had 4,003 new hires, of which 30.95% left the organisation within a year of joining.

IHCL - Associates (Genderwise)
We have one of the highest gender ratios among the Tata Group companies

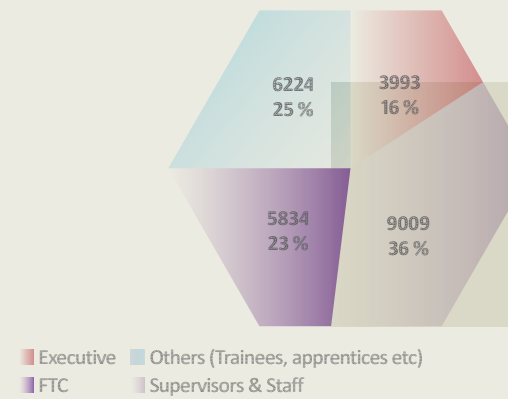


IHCL - New hires leaving within 12 months

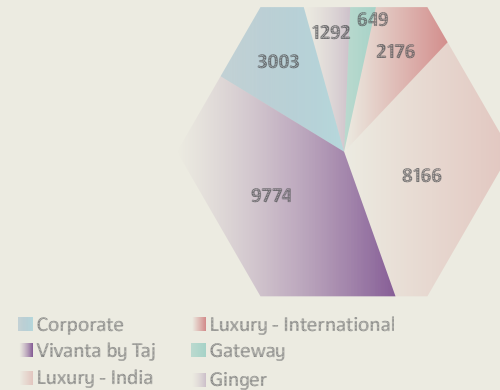


The decreasing trend of new hire attrition shows the effectiveness of our employee engagement processes

IHCL - Associates (Gradewise)
Over 25,000 associates across the globe

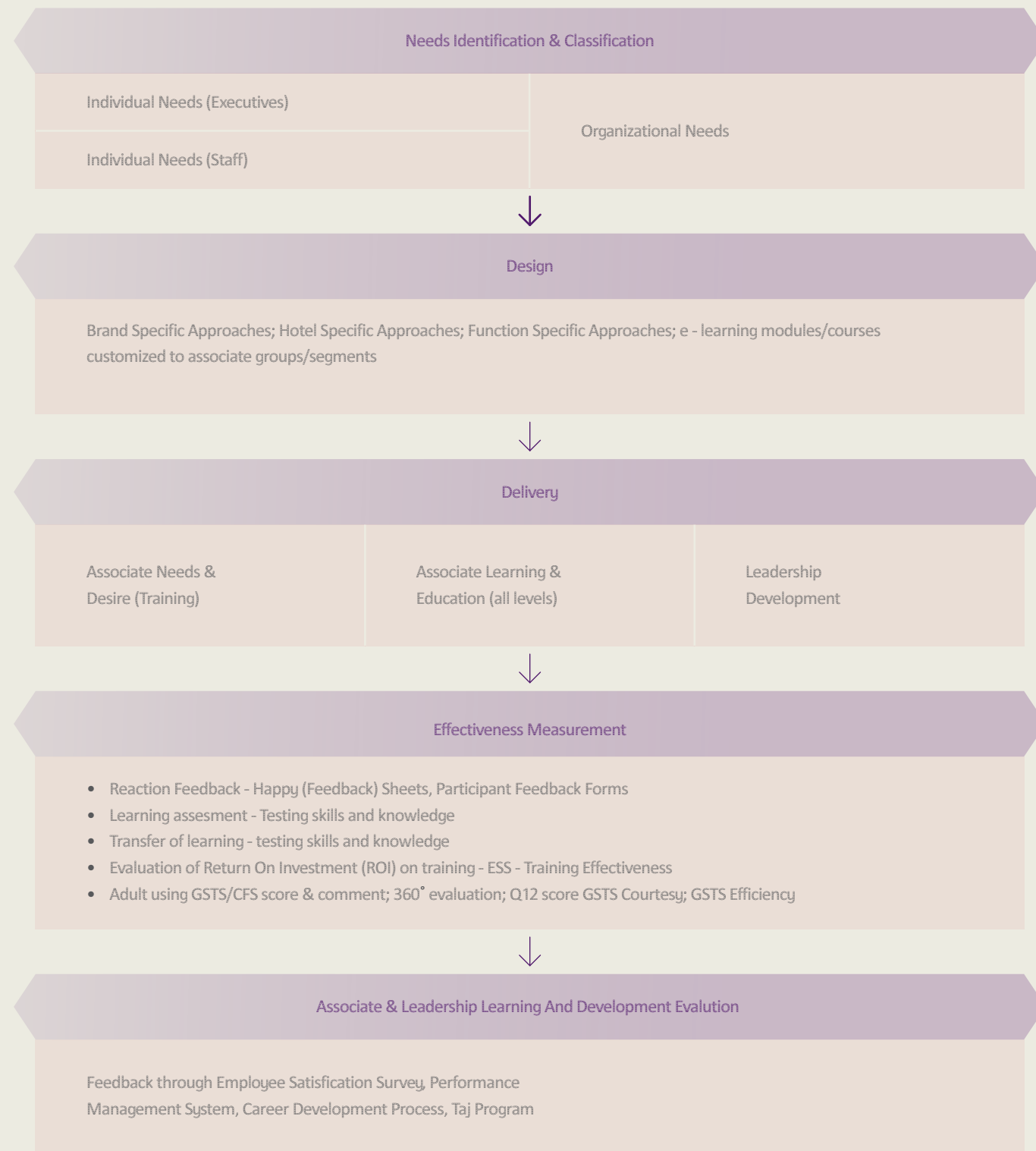


IHCL - Associates (Brandwise)



Knowledge, competency and leadership development are vital for organisational stability and continuity. We have defined a competency framework, which includes a skill dictionary and a competency manual for various functions and levels. The learning and development efforts are focused on addressing the areas of improvements based on the analysis of Voice of Customers. The learning & development delivery mechanisms are customised to meet the associates' needs & desires, learning & education and leadership development in line with the business growth strategy. The effectiveness of the delivery mechanism is assessed through training feedback forms, on-the-job assessments of acquired skills and competency, employee satisfaction surveys, guest satisfaction measurements, etc.

IHCL – LEARNING & DEVELOPMENT SYSTEM



During the year, we delivered a total of 1.28 million person-hours of training, compared to 1.25 million person-hours last year - a 2.7% increment. The talented pool of Departmental Trainers (DTs), who are groomed through Certified Taj Departmental Trainers (CTDT), form the backbone of the signature learning and development culture of Taj. These trainers provide skills' training to both our permanent associates and contracted staff. We continually strive to increase these qualified

trainers and currently over 58% of our executives are certified departmental trainers. Our e-learning platform, 'MiUniversity', is a powerful system that combines technology with pedagogy to provide associates with more than 300 courses ranging from operational to managerial areas, from universities like Harvard and Cornell, along with the American Hotel & Lodging Educational Institute.

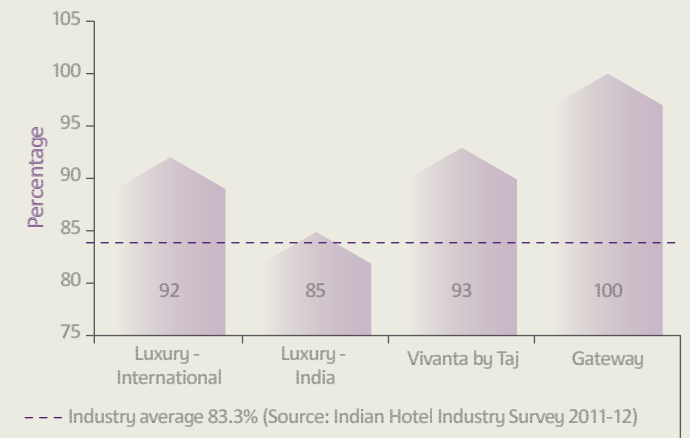
Red Hot Chef

The 'Red Hot Chef' contest has taken an innovative approach to learning and development of the chefs at our Gateway hotels. Thoughtfully designed, the contest aims to develop different skills and talent of chefs, by pushing them beyond their area of expertise. The three levels of the contest with 25 challenges were structured to test and train the chefs on key aspects such as commitment to hygiene and quality, knowledge of ingredients and ACTIVE Foods, creativity, attention to detail, teamwork and customer focus. Spanning over 6 months, the chefs had to reinvent themselves at each level to stay in the competition, while learning something new from other contestants. Individual feedback from an expert panel of judges and more than 45 master classes by expert chefs helped the contestants raise the bar of their culinary skills. The top five contestants earned the opportunity for an international cuisine exposure at Lebua - one of the finest luxury hotels in Bangkok. While at the individual level chefs, who otherwise have limited exposure beyond their area of expertise, gained a great learning experience, the organisational results were visible through improvement in the brand average for food index for The Gateway.

"I was the captain for the team challenge. I learnt how to share the responsibility among my team members and motivate them to do their best to win." - N. Ramachandran, The Gateway Hotel, Coonoor.



Percentage of associates trained in functional skills



We have a significantly higher percentage of employee training vis-a-vis industry average.

Our performance management system supports workforce engagement and aims to build a high performance work culture. The goals are aligned to our vision, game plan and values, and are cascaded down based on the overall objectives of the company. The performance review is a two-way dialogue process with mid-year and year-end reviews for executives. The rewards and bonus payouts for executives are linked to their own performance, as well as organisational performance. 360 degree feedback is an important tool to provide managers inputs on their leadership style and effectiveness. This year, we have extended the 360 degree feedback process for our mid-level managers.

PACE

PACE is our enhanced performance management system that leverages technology and integrates it with the fundamentals of our performance review mechanism. This new online system is aimed to help us conduct performance reviews in a more efficient, consistent and transparent manner, while empowering the associates with ease and flexibility to track and manage their performance development. The system is supported by an embedded guidelines manual, which details the activity schedule for each phase of performance management. To further create awareness among associates on the features and benefits on this new PACE, we have introduced e-learning modules on PACE and leadership videos.



We have institutionalised many first-in-the-industry and award-winning employee care and recognition programs. While 'Taj Awards for Business Excellence' (TABE) recognises best performing hotels and teams across categories, 'Special Thanks and Recognition System' (popularly known as S.T.A.R.S.) is an employee recognition and reward program that aims at building a culture of customer delight. Similarly, 'Year of the Associates+' is a set of initiatives aimed at enhancing the quality of employees' lives - at work and beyond. It comprises initiatives that are focused more on long-term outcomes that directly impact our associates like the education of their children, becoming computer literate, etc.

Making a difference at Taj

JRD - Tata, our previous Chairman, inspired thousands of Tata associates and millions of Indians by his sheer personality of simplicity with integrity, passion with perseverance and leadership with compassion. In commemoration of his spirit, we launched a two-week campaign on his birthday - 29th July - to appreciate and thank colleagues who have made a difference to an associate's professional or personal life. The campaign was run through a specially designed web portal through which more than 20,000 appreciation notes were exchanged across the organisation. We believe that each associate exhibits a positive attitude to inspire others and this campaign salutes this quality that defines the Taj family.

Career progression and succession planning are key components of our HR strategy. To facilitate growth and break career stagnation, key operational positions are rotated every 2-3 years for high and medium performers. The Special Program for Employee Education and Development Plus (SPEED+) is an initiative taken to meet the career aspirations of associates at staff and contract level. Identifying hi-potential associates for succession planning is done through the 'Emerging Leaders - Taj' process, which is rooted in the use of assessment-development centres. Through this process, we were successful in filling 95% of vacant positions from within the organisation, which also includes many 'first-time' leaders. A constant churn out of 'first-time' leaders through the 'Emerging Leaders - Taj' process reflects the effectiveness of the process to identify high-potential associates and develop them as future leaders. We also participate in the Tata leadership development process, where eligible executives are evaluated by the Executive Committee to leverage possible opportunities within the Tata Group.

Assessing employee satisfaction is crucial to better our people systems and be the employer of choice to attract, retain and groom the best talent. We conduct annual Employee Satisfaction Surveys (ESS) to gauge and analyse the employee satisfaction trends. Emerging from this analysis are also the areas for us to innovate and improve, to meet the expectations of our associates.

For the fourth straight year, we are with the prestigious Gallup Great Workplace Award - an honour that recognises organisations that best engage their employees. We are proud to be one of only 32 organisations in the world to win the Gallup Great Workplace Award, 2013. We are the only Tata and hospitality company to win the award four years in a row.

Gallup Awards Ceremony - 2013



Employee Benefits:

Defined contribution schemes	Employee benefits arising out of contributions include Provident Fund, Superannuation, Social Security, etc.
Gratuity	Separate funded and unfunded schemes for gratuity benefits. In respect of funded schemes, annual contributions are made to funds administered by the trustees for amounts notified by the funds.
Post-retirement benefits	Post-retirement pension scheme, wherever applicable, is actuarially determined based on the projected unit credit method.
Compensated absences	Compensated absences for employees.
Other employee benefits	Long service awards, leave travel allowance, educational allowance, loans at subsidized rates.

CREATING SAFE ENVIRONMENTS



CREATING SAFE ENVIRONMENTS

Among other things, safety is one of those of our day-to-day functioning that we never compromise on. The safety and security of our guests, associates, vendors, communities and assets is paramount to us. We have identified and defined standard safety and security specifications, which have been incorporated into the design of our

offices, hotels, products and services. These specifications are also regularly reviewed to incorporate changes in the regulatory requirements, industry trends, external conditions, availability of newer and secure technology, capability needs of our associates and guest requirements.

Safety and Security Management Framework at IHCL

Crisis Management		Safety Management
Crisis Management Advisory Team Crisis Management Action Team	Enterprise Level	SHE Council
Crisis Management Team	Hotel Level	SHE Committee



We review our safety management systems periodically to make sure they're performing effectively, through internal and external audits. We have engaged with Tata Consulting Engineers to conduct Safety Audits with a scoring system, to assess the performance of each hotel. So far, we have conducted safety audits for 63 hotels in India and will soon do the same for our international hotels as well. All our hotels

have been assessed by an external agency for security risks and subsequent mitigation plans are being implemented. Crisis management teams are also deploying emergency preparedness/crisis management plans. These plans are periodically tested and updated based on national and international security alerts. In addition, crisis management manuals describe processes to address emergencies,

natural disasters, health risks and other threats to business continuity, including data security and backup, guest & associate safety and safeguarding of property & assets.

How well we perform in this regard and how safe & secure we're perceived to be by our guests tells us how well these systems are performing according to our stakeholders. 'Safe and secure environment at the workplace' is one of the parameters in our annual ESS, through which employee satisfaction in the workplace environment is measured. In the last ESS conducted, we maintained a high score of 89. We use GSTS to track guest comments on the safety of our hotels. This year, we further improved our scores to 64 from 60 last year. To learn from good practices within Tata Group, the Safety Council carries out regular benchmarking exercises.

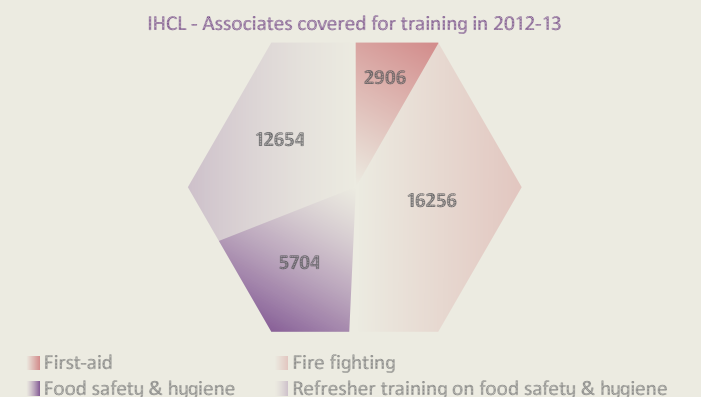
Safety and security at our hotels is driven by the commitment of all our associates, supported by the safety management system. The risk assessments at hotels are periodically reviewed to improve them. Monthly audits by the Safety Committee are conducted at hotels and appropriate risk mitigation measures are reinforced. To promote awareness, regular safety awareness workshops and 'safety weeks' are conducted by independent safety experts at our hotels. In order to instil a culture of safety within the organisation, we have instituted an award for the hotel performing best on safety aspects. We have also provided special safety measures for our female associates, with residential pick-up and drop facilities for those working late shifts. Safety tips are shared on a daily basis to drive cultural and behavioural change. Safety Procedure Cards are placed in all guest rooms to educate guests on what they should do in case of an emergency. Emergency Procedure Credo Cards, which act as ready reference for emergency situation response, are distributed to all associates.

This year, the injury frequency rate across hotels for lost-time injuries was 9.45 per million man hours worked - a 4.25% improvement compared to lost-time injury frequency rate of 9.87 last year. Lost-time injury is defined as an injury that restricts associates from returning to work in the same work shift of the occurrence of the injury. Our ongoing efforts to further strengthen the safety systems, coupled with enhanced safety awareness among associates, have helped us achieve zero fatality and reduction in lost-time injury frequency rate. The increase in near miss cases reported reflects the improved safety awareness among associates, where they were able to identify and report unsafe conditions which could have lead to potential lost-time injuries. Fire safety is a critical aspect of our safety management. We continually strive to reduce the probability of fire incidents by proactively identifying fire-related risks and ensuring appropriate mitigation measures are put in place. Across hotels, 180 minor fire incidents were reported and resolved during the year. The incidents were investigated through root-cause analysis and learning from these analyses has been shared with all the hotels to avoid the recurrence of similar incidents. Periodic safety audits by internal and external agencies are organised to ensure compliance with safety norms and identify improvement areas.

In our hotel kitchens and catering units, we strictly adhere to ISO 22000 (food safety management systems) standards to ensure the highest levels of food safety. 51 of our hotels are certified for ISO 22000 standard. Additionally, at TajSATS, stringent monitoring mechanisms ensure only the highest food safety standards are maintained through production and transportation, right up to consumption. 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. Training for security preparedness is a key imperative and a core team of security managers has been trained to mitigate security risks. At every hotel, we also ensure regular training of associates in first aid, fire fighting and disaster management. Some of the essential topics covered through these trainings include fire emergency and evacuation, guest floor patrolling, access control policy, first aid and care in emergency, safety measures during leakage and flooding, risk assessment and safety analysis, etc.

SAFETY PERFORMANCE	2011-12	2012-13
Near Miss Cases (NMC)	1,218	2,144
Medical Treatment Cases (MTC)	2,753	1,333
Lost-time Cases (LTC)	613	410
Lost-time Injury Frequency Rate	9.87	9.45
Fatalities	2	0
Million Man-hours Worked	62.11	43.4

Safety performance included for Luxury - India & International, Gateway and Vivanta by Taj hotels



PRESERVING THE PLANET



PRESERVING THE PLANET

We co-exist with our natural ecosystem to provide an enthralling experience to our guests who want to unwind in the arms of nature. While environmental excellence always has been our moral obligation, it is also part of our business strategy. As a company that promotes travel, conserving and restoring the environment boosts tourism to certain destinations. 'EARTH - Environment Awareness and Renewal at Taj Hotels', our approach to environment management, has today transformed into an organisation-wide movement that integrates our operations and product design with optimal use of natural resources.

Adoption of environmental management systems and external certifications systemically guide to identify environmental risks and adopt mitigation plans. EARTHCHECK™ certification is a globally recognised certification for environmental excellence in the hospitality and tourism industry. The certification is a result of extensive assessments and audits on key performance parameters like energy, water and waste management, chemical and pesticide use, and management of social and cultural issues. We have initiated the EARTHCHECK™ certification process for all our hotels, to benchmark ourselves against the global best on environment management parameters. The Luxury - International, Luxury - India, Vivanta by Taj and Gateway hotels have been included in the EARTHCHECK™ certification process.



**61 Hotels EARTHCHECK™
Certified - Silver**

Environment excellence continues to be a strategic differentiator. Energy and emissions, water and effluents, and waste are our focus areas towards managing our internal environmental impacts. We achieve this by choosing an optimum mix of fuel and grid power, tapping renewable energy resources, recycling water and treated effluents, recovering energy from organic waste and more importantly creating awareness among associates to embed this into organisational culture. Biodiversity conservation and restoration finds high priority, especially for hotels that are located in and around eco-fragile or high biodiversity value areas. Regular revenue and capital expenditure projects are taken up to upgrade technology with cleaner and best available eco-technologies. New and upcoming projects are being developed as green infrastructure, by incorporating environmental excellence aspects right at the design stage. This holistic environment management approach has yielded results for us with continual improvement in our environmental performance, while we strive to continue to better ourselves year on year. Towards these green endeavours, we have invested INR 109.70 million during the year.

Energy and Climate Change

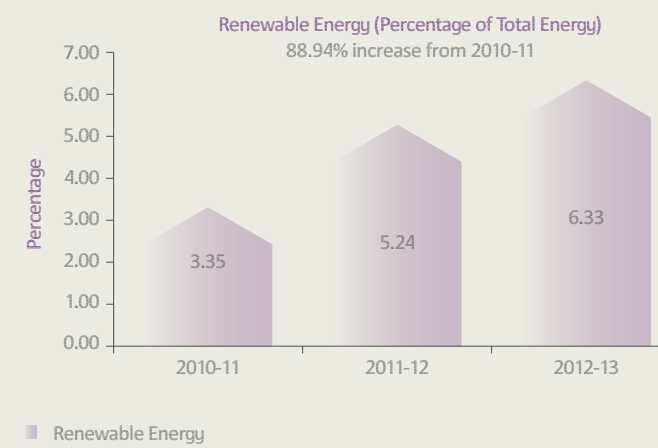
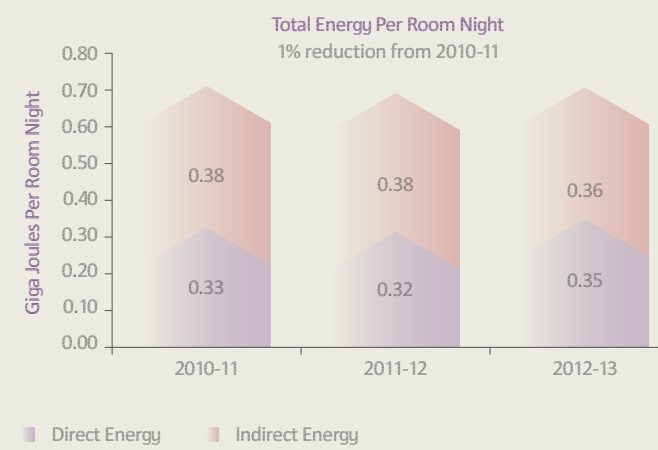
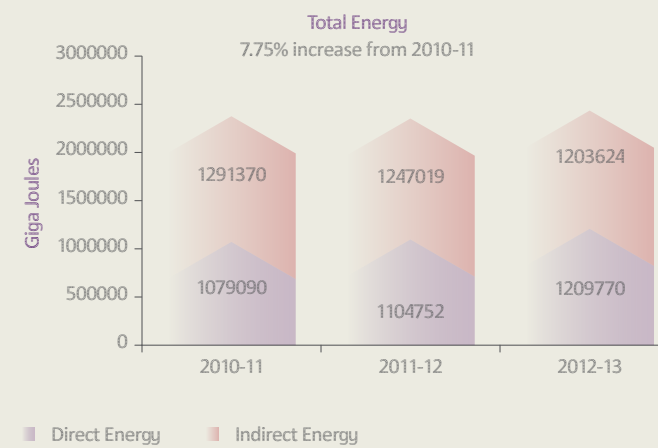
Energy is critical for our operations and our endeavour is to optimise energy requirements leading to a reduced environmental footprint and higher operational efficiency. We generate energy from direct sources such as diesel, petrol, liquefied petroleum gas, piped natural gas, fuel oil, light diesel oil and charcoal, while solar, biogas and biomass are the main sources for direct renewable energy. Indirect energy is primarily sourced from electricity grids, while agro power and hydro power are the main sources of renewable indirect energy.

Energy-efficient designs of new hotels, coupled with energy efficiency improvements at our existing hotels, helped us save a total of 45,777 GJ of energy. However, our total energy consumption this year grew by around 5.39% compared to last year, due to the opening of 6 domestic hotels during the year. Our direct energy consumption increased by 12.64%. This was primarily due to frequent power outages resulting in restricted grid power availability, especially for hotels in the southern Indian states of Andhra Pradesh and Tamil Nadu. Hence, we have had to rely more on self-generated direct energy to meet the requirements of growth in room nights sold. We are steadily increasing our renewable energy consumption through focused efforts. Currently, 22 hotels use solar energy. Renewable energy, both from direct and indirect sources, contributes 6.77% of our total energy consumption. Owing to our concerted efforts on renewable energy, we were able to increase the total energy that is renewable based by 92.9% 61 Hotels EARTHCHECK™ to 2010-11, giving an indication of our energy conservation efforts.

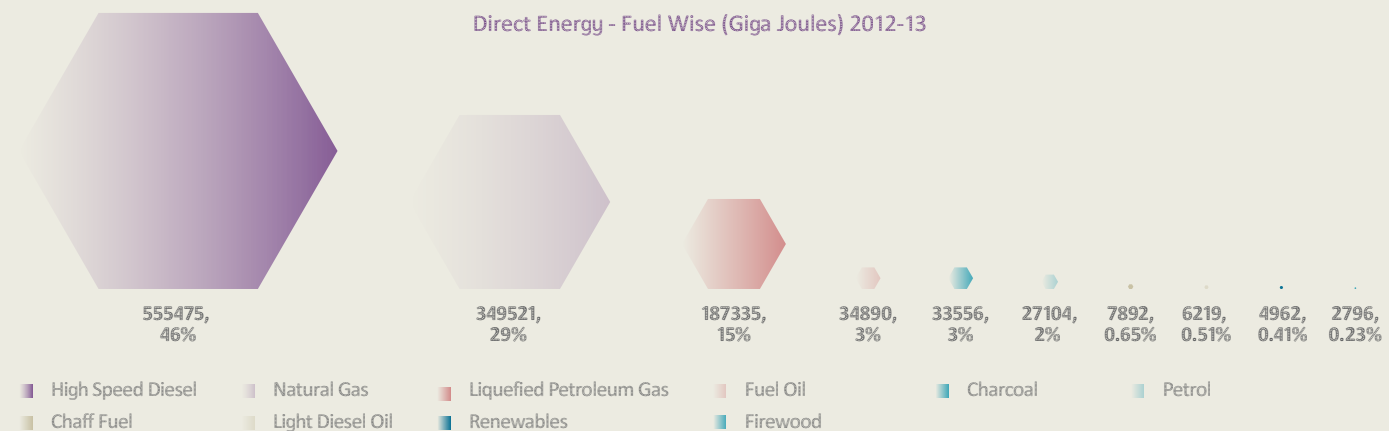


Green Power at Taj Rambagh Palace

Taj Rambagh Palace used to source power through the grid of Rajasthan State Electricity Board, wherein more than 55% of the electricity is generated by thermal power stations. The hotel explored various options to reduce their carbon footprint by sourcing energy from renewable sources. Towards this green endeavour, Taj Rambagh Palace during the year installed a 2.1 MW wind turbine generator at a wind farm at Kaladongar in Jaisalmer, which currently supplies 70% of the annual electricity requirements of the palace. The efforts have not resulted in reduced carbon footprint but also enabled better cash flow management during the lean summer months by reducing the energy cost.

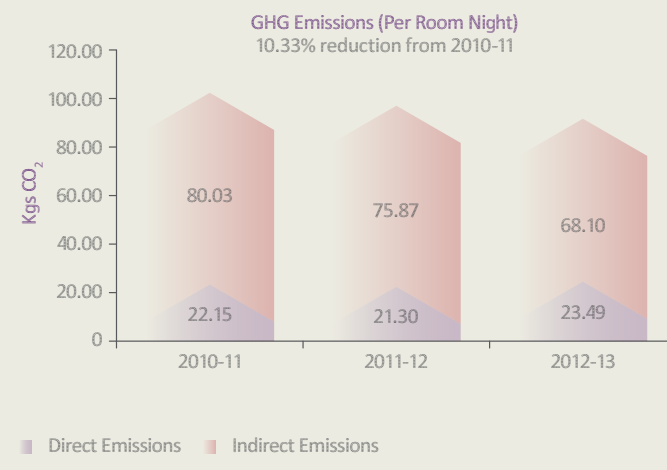
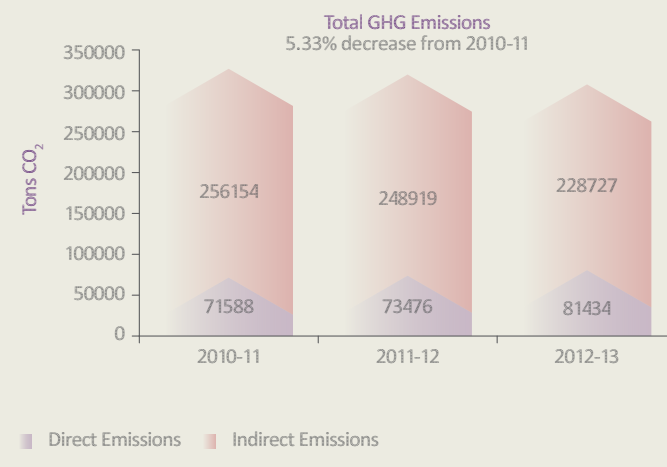


Direct Energy - Fuel Wise (Giga Joules) 2012-13



As a Tata enterprise, we have been one of the few companies in Indian industry to recognise climate change as a significant business issue. At the Tata Group level, we are part of the Steering Committee on Climate Change, formed by Tata Quality Management Services to focus on measuring and mitigating climate change impact of the group companies. Climate change poses a significant risk to the tourism sector in particular, as the changing weather patterns, rising sea levels and related environmental and biodiversity complexities will impact the tourism business. Through our environmental and energy management initiatives, we track and reduce GHG emissions per room night. Raising associate and stakeholder awareness on climate change, energy-efficient hotel designs and operations, increasing focus on use of renewable energy and generating energy from organic waste are some of the measures through which we continue to reduce our emissions-related impacts.

While our total energy consumption per room night sold marginally increased by 2%, the total GHG emissions per room night sold reduced by 5.7%, on account of increase in the renewable energy component of our total energy mix.

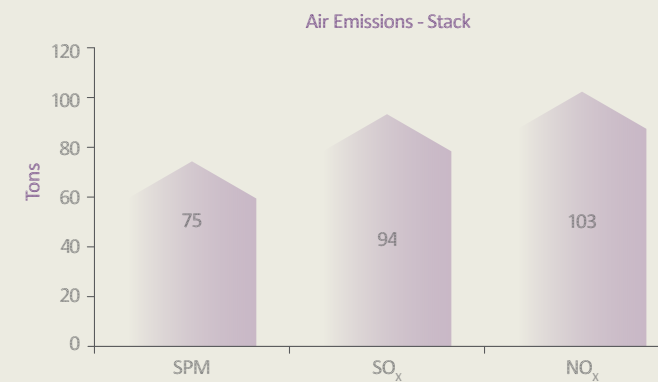


100 Days to Give Back to Planet Earth

Celebrating Earth Hour at IHCL is not just a one-hour affair - it is a reinforcement of our commitment towards the larger cause of environmental protection. All our hotels and associates used this opportunity to celebrate this initiative innovatively. From switching off lights to lighting candles, conducting awareness campaigns to planning green theme guest & associate engagement activities, we enthusiastically participated by carrying out a slew of activities that increase awareness and bring about a positive change towards energy conservation.

To keep this momentum going, we launched a unique initiative - '100 days to Give Back to Planet Earth'. As part of our EARTH (Environment Awareness and Renewable at Taj Hotels) and 'Give Back' employee volunteering programs, a 100-day campaign was launched on March 18th, 2013. The campaign, through the 'Eco-Innovate' contest, urged associates to undertake innovative ways of addressing climate change, as well as reassess current policies and practices to help reduce our hotels' operational impact on the environment. As part of this contest, 15 hotels were shortlisted and five hotels made it to the final round. With an innovative solution to address garden waste menace by converting it to fuel briquettes, Vivanta By Taj - Holiday Village, Goa won the first ever 'Eco-innovate' award at the Taj Business Excellence Award ceremony. Vivanta by Taj - Lucknow has developed a unique 'Herb Garden' initiative, which has environment, health, associate engagement and guest delight elements to it. The campaign unearthed the huge potential of innovative ideas that can be implemented and we will continue to drive eco-innovation across the organisation.

Apart from GHG emissions, we also track consumption of ozone depleting substances (ODS), particulate matter (PM), oxides of sulphur (SOx) and oxides of nitrogen (NOx) from stacks and suspended particulate matter (SPM), oxides of sulphur (SOx) and oxides of nitrogen (NOx) in ambient air. ODS are primarily used in our hotels for air conditioning and refrigeration. We have made constant efforts to substitute these gases with zero ODS potential gases. This year, we procured only 0.82 tons of CFC-11 equivalent ODS gases. We continually engage with external agencies to measure air emissions such as SPM, SOx and NOx at our hotels, which are well below the permissible emission levels prescribed for all our operations.



Material Efficiency and Waste Utilisation

Our major materials consumption involves perishable products like grocery, meat, fish, poultry, vegetables, fruits, milk and milk products, to a large extent. We store them at optimum levels to reduce wastage as they have a low-shelf life. Apart from these items, we also consume a wide variety of beverages and alcohol. Housekeeping activities involve the usage of solid and liquid chemicals. We consciously use eco-friendly chemicals for all housekeeping activities and always look for ways in which we can reduce our material footprint. We also proactively engage with our suppliers in order to promote sustainable business practices.



Sustainable Sourcing at Taj Tashi, Bhutan

In a unique partnership with local organic farm producers, Taj Tashi signed an MoU with Druk Organic Growers Cooperative at Lumitsawa, Punakha Dzongkhag and Talung Yak Sungchorp Detshen from Haa Dzongkhag. This partnership, under the aegis of the Ministry of Agriculture and Forest, requires these producer groups to supply select organic vegetables and Gouda cheese to Taj Tashi. The production and supply of the produce/products will be done under the guidance of National Organic Plan, following the Bhutan National Organic Standards (BNOS 2011). The Bhutan Organic Assurance System, a local system of guaranteeing organic food for the local market, will be executed in these producer groups and their products will be marketed under the Bhutan Organic Mark. Though these producers will currently meet only a part of hotel's requirements, we believe that this partnership nurtured carefully will grow in size and boost the local economy.

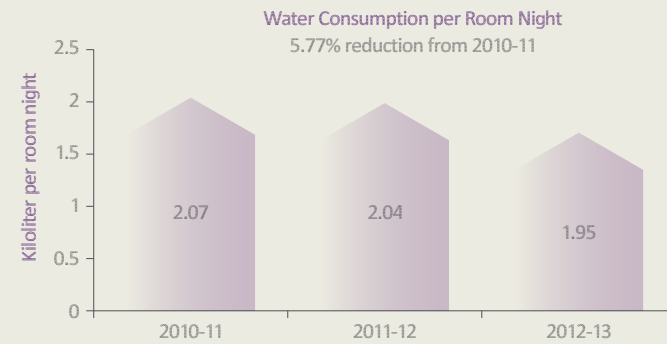
A significant proportion of waste generated across our hotels is organic in nature. We have adopted measures to reduce the generation of waste and enhance its recyclability & reusability. This year, we generated 12,223 tons of kitchen waste and 3,518 tons of horticulture waste. Around 16% of this organic waste has been composted through vermi-composting and anaerobic/aerobic digestion to generate bio-gas and manure, as compared to 11% last year. While paper waste of 85,187 tons was sold to scrap paper vendors, burnt oil and waste lubricant oil of 6,248 KL was disposed of safely through authorised vendors. The other contributors to our waste footprint include bottles, containers, metal scrap, electrical and electronic waste, batteries and debris generated during hotel renovation. Depending upon the category of waste, we use appropriate methods to ensure its safe disposal. Electrical waste like fused bulbs, tubes, switches, kitchen appliances and electronic waste like computer parts and television parts are disposed in an environmentally safe manner through authorised e-waste recyclers.

Waste to Energy

The Vivanta by Taj - Holiday Village, Goa has lush green gardens which are well maintained for guest delight. The maintenance of these gardens generate significant garden waste and the hotel was spending close to INR 0.1 million to dispose of it. The hotel took the initiative to manage this waste in an environmentally sound manner, by converting it into fuel blocks under the leadership of Chief Engineer, Jerome Lobo. The hotel converts the garden waste into char by thermal decomposition (Pyrolysing), further mixing it with suitable binders to create fuel briquettes. These briquettes are currently being used in the tandoori fire grill and stand as an example of what eco-innovation can do when people are environmentally aware and motivated.

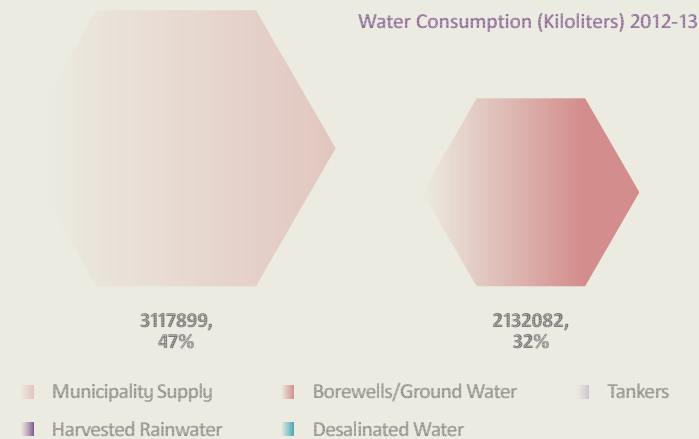
Water Management

The dearth of clean drinking water across the world is a huge global problem today. Water is also a critical resource for our operations and we try to utilise water wisely, while maximising water harvesting, recycling and reuse. Rivers, lakes, seas, harvested rain water, tankers, municipality supply and ground water serve as primary sources of water withdrawal for our hotels, where the latter three together meets about 98 percent of our total water requirement. Rainwater harvesting systems are in place at many of our hotels to reduce fresh water intake and we were able to reduce our water consumption per room night by 4.5% compared to last year. All our new hotels have water recycle and reuse measures as part of the hotel design, while existing hotels are also exploring further opportunities to recycle and reuse the water. This year we recycled and reused 2.17 million kiloliters of water, which is equivalent to 33% of our water consumption. This is also evident from the fact that we discharged fewer quantities of waste treated water, totalling to 2.4 million kiloliters outside hotel boundaries - a 11% reduction compared to last year. This year, 38 hotels have declared zero water discharged outside hotel premises, up from 33 last year. 18 hotels have tapped rain water through water harvesting initiatives.



Innovative Use of Plastic Waste

PET (Polyethylene terephthalate) is commonly used for making soft drink bottles, which are discarded as trash after use. But when PET bottles are filled with sand, they can be stacked and bundled to form structures replacing traditional bricks. Taj Coromandel, Chennai, in association with Samarpan Foundation (NGO) built sand-filled, PET bottle structures in the Redhill area of Chennai to create educational cum recreational facilities for the local less-privileged children. As a start, the project garnered a donation of 30,000 PET bottles during the year. Hotel associates have extended this concept to build park benches at the hotel premises, as part of their volunteering initiative.



38 Zero Water Discharge Hotels

Gateway, Agra	Taj West End, Bangalore
Gateway, Chikmagalur	Vivanta by Taj, Aurangabad
Gateway, Jaisalmer	Vivanta by Taj, Bekal, Kerala
Gateway, Jodhpur	Vivanta by Taj, Bentota, Sri Lanka
Gateway, Madurai	Vivanta by Taj, Coral Reef, Maldives
Gateway, Nashik	Vivanta by Taj, Dal View, Srinagar
Gateway, Vadodara	Vivanta by Taj, Exotica, Goa
Gateway, Varanasi	Vivanta by Taj, Fisherman's Cove, Chennai
Gateway, Varkala	Vivanta by Taj, Fort Aguada, Goa
Rambagh Palace, Jaipur	Vivanta by Taj, Gomti Nagar, Lucknow
Taj Bengal, Kolkata	Vivanta by Taj, Hari Mahal, Jodhpur
Taj Cape Town, South Africa	Vivanta by Taj, Holiday Village, Goa
Taj Chandigarh, Chandigarh	Vivanta by Taj, Kumarakom, Kerala
Taj Coromandel, Chennai	Vivanta by Taj, Malabar, Cochin
Taj Falaknuma Palace, Hyderabad	Vivanta by Taj, Madikeri, Coorg
Taj Lake Palace, Udaipur	Vivanta by Taj, Sawai Madhopur Lodge
Taj Lands End, Mumbai	Vivanta by Taj, Surya, Coimbatore
Taj Umaid Bhawan, Jodhpur	Vivanta by Taj, Trivandrum
Taj Wellington Mews, Mumbai	Vivanta by Taj, Usha Kiran Palace, Gwalior

18 Hotels with Rain Water Harvesting

Gateway, Coonoor	Taj Deccan, Hyderabad
Gateway, Ernakulam	Taj Exotica, Maldives
Gateway, Khajuraho	Taj Lands End, Mumbai
Gateway, Madurai	Taj Mahal, Delhi
Gateway, Mangalore	Vivanta by Taj, Ambassador, New Delhi
Gateway, Vadodara	Vivanta by Taj, Fisherman's Cove, Chennai
Gateway, Varanasi	Vivanta by Taj, Gomti Nagar, Lucknow
St. James Court, London	Vivanta by Taj, Malabar, Cochin
Taj Bengal, Kolkata	Vivanta by Taj, Usha Kiran Palace, Gwalior

Coral Rehabilitation at Vivanta by Taj Coral Reef, Maldives

Corals form an important part of the marine ecosystem, especially in Maldives, which is rich in marine biodiversity. Vivanta by Taj has undertaken a coral rehabilitation project around the hotel. The target areas were divided into three zones - Zone I, II and III. Each of the zones contained beds on which coral seeds were planted and the progress of the same were monitored periodically by experts. The second measurement in February 2011 revealed that there were over 400 coral fragments, some of which almost grew double in size from the first measurement. Around 90% of the coral fragments are still alive since the original planting in Zone I. The third measurement was done in July 2012. In Zone I, 95.83% coral fragments were alive and growing. Zone II had 237 of the original 270 coral fragments planted as alive, while Zone III showed similar results with 79 of the original 90 coral fragments being alive. With encouraging positive results, we will continue to monitor the coral fragments, while promoting coral reef restoration to add to the natural beauty of the place.

Sounds of Coorg - Exploring the Rainforests of South India

'The Sounds of Coorg' project at Vivanta by Taj, Madikeri, was an interesting innovation, designed to engage employees by asking them to capture the rainforest at its mystical and charming best. An interactive microsite was developed where employees posted the elusive sights and sounds of rainforests within the vicinity of Vivanta by Taj, Madikeri. Some of their findings were truly mesmerising and reflect the majesty of the rainforest with such rich biodiversity. This project has now been extended to our guests as well, with a blog cum microsite that talks of rainforest experiences. A first-of-its-kind initiative in the hospitality industry, this unique idea integrates our commitment to the environment deeper into our culture by involving our employees and our guests. Visit www.soundsofvantacoorg.com

Investing in a Greener Future

As one of the most renowned hospitality chains in Asia, we understand that our guests expect indulgent and luxurious experiences from us. Part of this experience stems from the natural environs within which we function. Which is why our 'guest centric' approach is built-in right from the conception of a new hotel. Hotels are designed to ensure maximum guest indulgence, safety and security, with minimal impact on the environment. Our new hotels, which are in their project phase, are aesthetically designed to co-exist with nature, and all our upcoming hotels, too, are going to be marked by their simple yet thoughtful designs.

The Building Management System (BMS), IT and other cabling requirements are designed to override the fibre network, which will significantly reduce the requirements for cables and conduits. The BMS also features smart temperature controls for maximum guest comfort with minimum energy requirements. The Taj guest room with switch logic, optimum planning and the use of dimmers with LED or CFL lighting will reduce the lighting load. Measures such as heat recovery from power generator sets and laundry condensate and the use of high efficient Variable Frequency Drive chillers and low energy kitchen equipments will further reduce the energy load of the hotels. Sensors are installed in most areas of the hotels, including guest rooms, behind the hotel and public places to optimise power consumption.

Emphasis is also laid on the use of renewable energy sources like solar energy, which will complement the hotel heating as well as grid power requirements. To promote the optimum use of water, we use high efficient plumbing fixtures to regulate water flow. We aim to maximise water efficiency by completely reutilising treated wastewater for toilet

flushing, cooling towers, cleaning of solar towers and gardening. Water harvesting through rooftop rainwater collection will help us reduce the intake of fresh water and further improve our water efficiency.

Another key aspect that is integrated in the overall project design is building safety, so that personal safety - especially in the kitchens, sauna rooms and banquets - is incorporated in the design stage itself, keeping in mind the safety of our guests and associates.

A unique example of how natural elements can be used to create infrastructure that complements nature is demonstrated at our upcoming hotel at Andaman and Nicobar islands.

The key features include:

- Rammed (unbaked) earthen walls, using local material, to improve the cooling effect
- Waste heat recovery from diesel power generators, utilised for water heating purposes
- Kitchen waste composting to generate biogas
- Landscaping through dense vegetation to suit the local setting and enable natural cooling which reduces air-conditioning load
- Maximising water harvesting through rooftop rainwater collection and storage in tanks, and ground water recharge through wells, as well as percolation pits

COMMUNITY & COMPASSION



COMMUNITY & COMPASSION



CORPORATE SOCIAL RESPONSIBILITY

Our Target Communities include: • Less privileged youth and women – school dropouts, candidates from SC/ST backgrounds, differently-abled youth. • Women self-help groups/income generation projects of NGOs. • Indigenous artisans, culture groups/NGOs and networks promoting revival of traditional art and culture.

 Hospitality Skill Training For less-privileged youth in house-keeping, restaurant services, bartending, bakery and farm cookery with reputed NGOs and Government ITIs.	 Responsible Supply Chain Sourcing of food material, green gift items and services from NGOs and environmentally conscious organisations.	 Art, Craft and Culture Support artisans and cultural troupes by helping them organise an exhibit or a performance.

We make a living by what we get, but we make a life by what we give.

As you make your way into the luxurious beach resort of Vivanta by Taj, Holiday Village, Goa, you and family are welcomed with shell garlands. These artistically hand-made shell garlands are sourced by the hotel from the local underprivileged community of artisans so as to help them generate revenue. Post check-in, you then make your way into your room. Once you get to the room, you put on the bedroom slippers that are nicely stacked in a bag and take the local newspaper also nicely placed in a translucent bag to read in the open foyer. The Newspaper and bedroom slipper bags as well as the ladies' amenities kit that you find in the bathroom are sourced from partner NGO, Women India's Trust (WIT) - an NGO that provides livelihood support to the women in the State of Maharashtra. After relaxing for a bit, you and your family make your way down to the coffee shop, where a 22-year-old bright-eyed boy by the name of Nitesh Rane takes your order. Nitesh, who comes from the interiors of the State of Maharashtra, got affiliated with the hotel through Taj's Hospitality Skill Training program, which skills and trains underprivileged rural

school drop-outs in hospitality trades in partnership with like-minded government and non-government organizations to make them employable. Post lunch, you and your family make way to the Activity Centre, where you come across an exhibition. This exhibition is held by the local weavers who under Taj's revival of indigenous art forms and promotion of local art & culture program are supported through pro-bono venue sharing and no-markup charge in the revenue earnings. Lastly, when you go back to your room, you decide to give your sand battered clothes to the laundry. This laundry service at the Goa hotels is sourced to partner NGO, ARZ. This NGO works towards the economic rehabilitation of survivors of commercial sexual exploitation. Associates of Vivanta by Taj, Holiday Village and Fort Aguada volunteered to impart their skills and knowledge to help ARZ set up its own self sustaining laundry business, called Swift Wash. This social business generates an annual turnover of over INR 6,00,000/- through this engagement with Taj North Goa hotels.

We at the Taj understand that as one of India's most respected hospitality chains, our responsibility doesn't just end with our guests and our people. Having found our place in the tourism industry, we are aware of the potential we have to drive 'inclusive growth', by creating business supply chains, livelihoods and economic benefits in and around the destinations where we operate. Corporate responsibility has been a part of our culture even when there was no name for it in business parlance. Staying true to our legacy and beliefs that were first advocated by Mr. Jamsetji Tata, we know that we need to work together with successful businesses like ours to empower the community. Corporate responsibility is not a business obligation, but a moral obligation that, as the more privileged strata of society, we must fulfil. It is up to us to enhance the potential of the unemployed and underprivileged, and make them self-reliant.

Keeping this in mind, we have evolved our corporate responsibility strategy to address challenges, most pertinent to our society, around our areas of operations. We leverage our core business strengths and competencies through our CSR theme of 'Building Sustainable Livelihoods'. Our commitment is patiently crafted keeping in mind the unique value we add across touch points - including our NGO and government partners - while contributing to sustainable society.

Training of Trainer Program

Trainers are, needless to say, crucial to effectiveness of our training programs and how well participants acquire new skills. Our partners are spread across the country, from metro cities to remote towns. The trainers, especially from remote regions, often lack the resources to continually hone their skills and keep up with the dynamic industry requirements. In an endeavour to help these trainers become more effective and contribute continuously, we've developed a 10-day Training of the Trainer (ToT) program. This intensive course covers various facets of technical and soft skills required for an effective trainer. Our first Trainer of Trainer workshop was attended by 31 trainers from various regions across the country. The success of this training program laid the foundations for another ToT program in Kolkata, to specially focus on catering to trainers from the East and North East regions of India. The program saw 16 participants from the training centers in these regions.

Training workshop



Centre of Excellence - ITI, Lonavala

Sharan is a 24-year-old 10th standard drop-out, who hails from the village of Killari in the district of Latur, Maharashtra. He currently works in the Taj Corporate office pantry. On Friday, April 19th, 2013, Sharan got the opportunity to witness the inauguration of Taj's new Centre of Excellence at the Industrial Training Institute campus in Lonavala, by Mr. Prithviraj Chavan, Chief Minister of Maharashtra. Sharan couldn't help but think of how he too, like the current batch of students he saw at the inauguration, could alter the chart of his life if he was to train and get certified at the new Skill Training Academy. After 8 years of being away from school, Sharan has today decided to retake his 10th Standard English exam, so he can qualify to do a short-term course in Food & Beverage service at this vocational training institute. The setting up of the Centre of Excellence (CoE) for hospitality skills at ITI, Lonavala, has been inspired by our efforts towards providing long-term and sustainable rehabilitation to the victims and dependents of the 26/11 Mumbai terror attack. The CoE is an outcome of a Taj partnership with the Directorate of Vocational Education and Training (DVET), with further support from the World Bank and the State Government of Maharashtra. This Centre boasts of world-class infrastructure with state-of-the-art facilities for classroom and practical training. Cross learning from the Institute of Hotel Management, Aurangabad, through a virtual e-classroom, is an added advantage for the students. To make the CoE more effective, we have also partnered with other Tata enterprises to offer a range of short-term, industry-relevant skill courses in the same premises. The CoE aims to train 1000 youths within the 1st year of its operation. We believe that this CoE will alter the pedagogy of vocational training by introducing world-class facilities and providing livelihood opportunities to youngsters like Sharan who need and would most benefit from it.

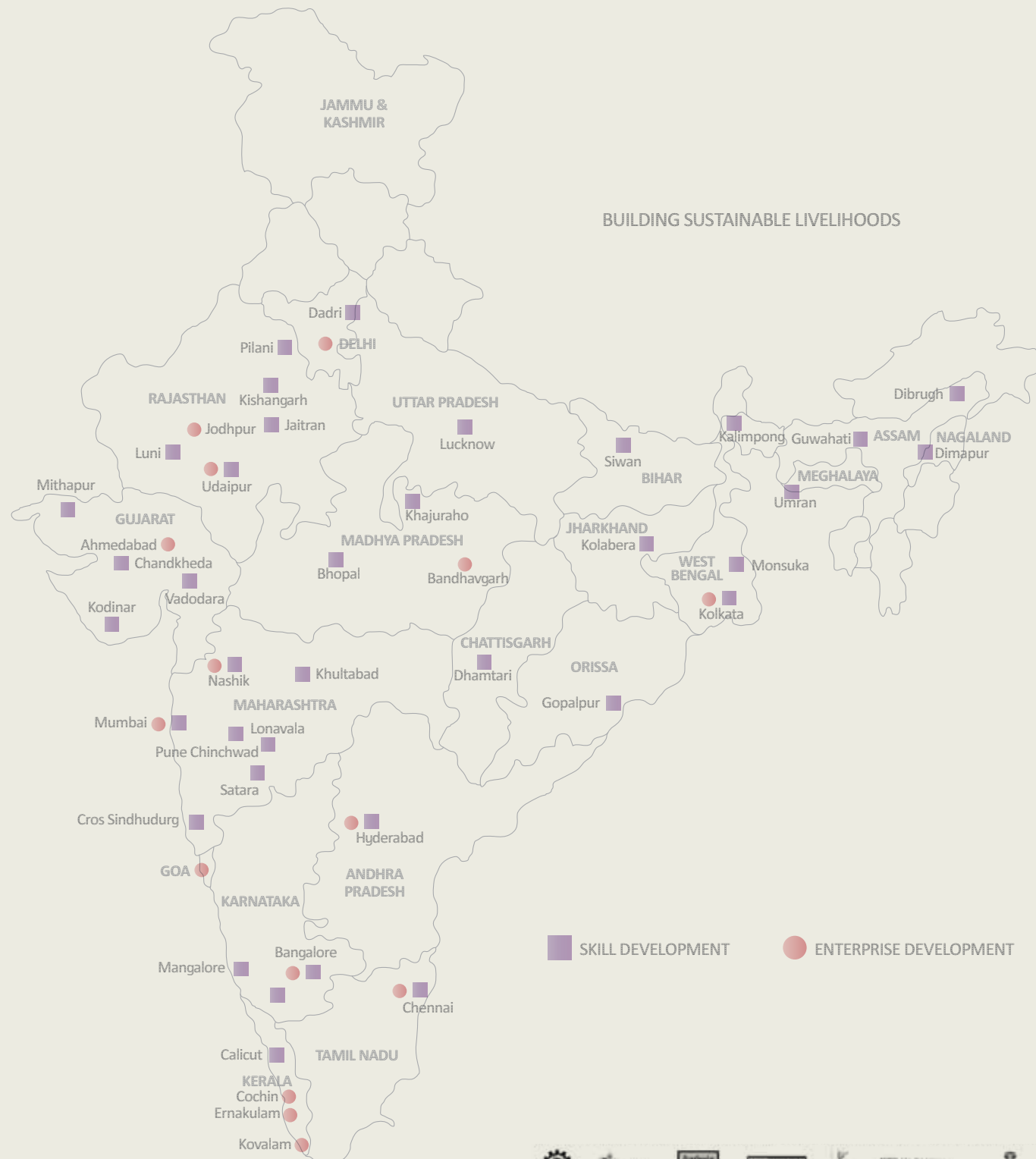
Inauguration of Taj's new Centre of Excellence by Mr. Prithviraj Chavan, Chief Minister of Maharashtra



Our skilling endeavour

42 skills development centres, in association with like-minded cause-based organisations

BUILDING SUSTAINABLE LIVELIHOODS



*Map not to scale, only for representation purpose.

Empowering India's Rural Youth

As the hospitality industry continues to grow, so does the need for skilled manpower. To us, this is the answer. By imparting the right skills to the unemployed and less-privileged youth, we can help them lead fuller lives, while also meeting the industry's needs for human capital. Hence, our 'Building Sustainable Livelihood' theme has skill development as an important component to create a win-win situation. The Taj Hospitality Skill Training Program imparts skills on industry traits like Food & Beverage Service, Food Production, Bakery, Spa, House Keeping, etc. To capitalise on the strengths and capabilities of various institutions already working towards this cause, we tie up with industry partners, governmental agencies and voluntary organisations to deliver skill development initiatives. With a humble beginning of just three skill training centres in 2009, today we deliver our program through 41 skill training partnerships across India. We also provide knowledge support through customised training curriculum, train-the-trainer programs, on-the-job training opportunities and guest faculty visits from our volunteers.

Empowering the Marginalised Sections of Society

For over centuries, India's 300 million odd scheduled caste/scheduled tribe (SC/ST) communities have been victims of discriminatory wrongdoings and injustices. To address the prevailing social inequities in India, the Tata Group introduced the Tata Affirmative Action Programme (TAAP), committing to integration and inclusive growth of the poorest (TAAP), committing to integration and inclusive growth of the poorest section of society. We use the Tata Affirmative Action Program as a plank to empower people from marginalised and socially disadvantaged backgrounds, and create an equitable society. We strategically use our business competencies, combined with pan-India presence, to deliver the initiatives for these sections of society. The initiatives are designed to focus on four core themes of the Group Affirmative Action policy - employability, entrepreneurship, employment and education. Through our Skills Development Program, we identify deserving youth from these backgrounds and integrate them in our livelihood generation efforts. Our sourcing strategies promote income generation opportunities by sensitive sourcing from local entrepreneurs and promoting local artisans, cause-based organisations and art & culture groups. Employment opportunities are provided to deserving candidates. Educational and health support for children from these backgrounds is provided through scholarships and nutrition kits. All these initiatives together, we believe, contribute to narrowing economic and societal disparity.

Recognition for Employability Programmes

Every year, the Tata Affirmative Action initiatives of each Tata enterprise undergo an annual cross-Tata assessment. This helps recognise exemplary efforts in this area and share best practices. Our efforts towards employability initiatives have fetched us the laurels for best practice in employability at the 2013 Annual Affirmative Action Convention and Assessors' Recognition Meet. The award was recognition for our pursuit to establish and manage skill development training centres, in regions with a high population of people from marginalised and socially disadvantaged backgrounds - in association with our partners. The efforts manifested into our outreach pan-India, with 42 skills' development partnerships covering the remote regions of North East as India well. We will relentlessly continue to expand our programs, while recognitions such as this will boost the morale of all our associates.

The lack of sensitivity and appropriate skills' training is a major impediment in the employment of differently-abled people. However, the hospitality industry has various operations that can accommodate them, which is why our livelihood and recruitment program trains people with disabilities to make them employable in the Hospitality industry. Provided with the right atmosphere, these associates have truly excelled in their jobs across many of our hotels and we are proud of their contribution in our success.

Story of Lawrence from petrol pump cleaner to hotel laundry associate

Lawrence, deaf-mute by birth, hails from a poor family. He has a young daughter to support and recently lost his father. As a petrol pump cleaner earning meagre wages, it was difficult for him to support his family. Spotted by our Taj Club House, Chennai CSR team, he was offered a livelihood opportunity that changed his life. He was trained in Taj's laundry department and, a year later, has now mastered the art of pressing, folding and tagging. More importantly, he is now able to support his family with regular income.

Enabling Enterprise Development

Social enterprises, Self Help Groups and NGO's Livelihood Generation programs are revenue generators for millions at the bottom of the pyramid. We understand as a responsible hotel group, we have numerous opportunities by which we can support such programs. Through responsible purchases of good and services - directly from such NGOs and Self Help Groups, we strive to support their causes and local development in and around our areas of operation. Our employee volunteers as well as business partners support in aspects ranging from product development to planning for cost efficiencies to training and development of staff - based on our partners' requests and requirements. Over the last 3 years, Taj sourced INR 120 million worth of goods and services from such organizations.

Promoting Arts, Culture and Heritage

India's arts, cultures and heritage are as diverse as its landscapes and charm everyone with new surprises. We thrive on this fact to provide a different flavour of India at each of our hotels, making them distinct and refreshing. Promoting local arts, cultures and heritage has been a part of our corporate ethos, which is backed by our corporate responsibility agenda to provide support to local artisans, cause-based organisations and arts & culture groups. We provide a platform for these people to showcase their art and help them earn a decent living, while preserving these invaluable traditions. Our efforts in this regard include procuring gifts of local art value, exhibitions of local arts and crafts, and performances by local arts and culture troupes. These initiatives are also linked to our approach to procure more goods and services from local people and organisations that help the local economy benefit from tourism-linked businesses.

Supporting Tribal Artisans - Taj Lake Palace, Udaipur

Since the medieval times of Maharanas, Udaipur has been a centre for music in various forms including dance arts, vocal & instrumental music, and handicrafts. With the passage of time and modernization, the art & culture troupes of Udaipur strive to keep the dying art forms alive as a result from living in economically dire conditions. The Taj Lake Palace, Udaipur, enables the livelihood of these artists by engaging them in guest entertainment activities. Guests staying at the Palace are enchanted by Udaipur's various art forms such as dance, vocal & instrumental music, and handicrafts showcased by the tribal artisan communities. Taj Lake Palace, Udaipur, has supported 23 artisans helping them generate revenue of 1.53 million annually.

Taj Public Service Welfare Trust

The Taj Public Service Welfare Trust was established with a purpose to support victims of terror, natural calamities and other tragic events that inflict damage to life and property, post 26/11 terror attacks in Mumbai. The trust has since then focused attention on relief and long-term rehabilitation measures, for victims and dependents who needed support to earn their livelihood and become self-sustainable again in various disaster situations. The trust continues to reach out to survivors and victim's families across geographies in India

Internal Campaigns Driven to Renew the Culture of Volunteering at Taj

In addition to the core focus areas of our corporate responsibility agenda, various other campaigns and initiatives are undertaken at the corporate and individual hotel level, to address some key local social issues. Our hotels regularly conduct employee volunteering programs, NGO exhibitions during festive seasons and donation drives to support local communities.

Give Back

Give Back is our corporate employee volunteering initiative that engages our associates at the corporate office and Mumbai hotels. Through this program, volunteers spend a minimum of five hours every month supporting a cause they feel strongly about. Regular campaigns, posters and emails are sent to associates, to inform and encourage them to participate in Give Back initiatives.



Running for a Cause @ Mumbai Marathon

We continue to support NGOs through our participation in Asia's largest cause-based fundraiser - the Standard Chartered Mumbai Marathon. This year, our team of 100 runners participated in the 10th edition of the Standard Chartered Mumbai Marathon, supporting Mumbai Mobile Crèches - an NGO which provides educational and monetary support to children of construction workers.

Celebrating National Bee Day

In line with our endeavour to support the cause of 'Bee Keeping for Poverty Alleviation', we collaborated with partner NGO, Under The Mango Tree for India's second National Bee Day, to spread awareness of the importance of Bees in our lives, held at Maharashtra Nature Park, Dharavi, on Sunday, February 24, 2013; the day saw 300 plus people come together to learn about bee-keeping and innovative usages of organic honey. Bee walks, panel discussion led by rural farmers, five from our project in Bandhavgarh, photo exhibitions taken by urban and rural bee-keepers, bees movies, honey tasting, face painting, bee costumes and quizzes for kids and Cooking with Honey', where volunteer, Chef Surendra Khambra, of signature French restaurant, Zodiac Grill of The Taj Mahal Palace, Mumbai, showcased innovative usage of honey, all of which created a joyful day of learning for one and all.

Sr. No.	Taj Group Impact - Building Sustainable Livelihoods	2009-10	2010-11	2011-12	2012-13
1	No. of Beneficiaries Trained in Hospitality Skills And Made Employable	1451	2036	2385	4435
2	No. of Differently Aabled Persons Benefitted Through Hospitality Trainings & Recruitment	291	87	90	122
3	Taj Support to Local Artisans/Karigars/ Cultural Troupes (Numbers)	234	227	390	370
4	Sourcing goods/services from Small Scale Entrepreneurs/ local Self Help Groups/NGOs' Income Generation Programmes (value of goods sourced in INR million)	39.1	127	41.1	33.5
5	Direct Programme Expenditure by Group Hotels for CSR (INR million)	12.8	22	46.4	36.3
6	Total No. of Employee Volunteers supporting Charity & Theme Based Initiatives	10307	5466	1532	3927
7	Total No. of Volunteering Hours supporting Charity & Theme Based Initiatives	92759	81990	192926	241718

Going Beyond the Cubicle in-to the Community

Taj's Give Back volunteers come from different departments in the Corporate Office and the 4 Mumbai hotels. The one common thread that binds them together is their zeal to venture once a week out of their office cubicle to make a difference in their local communities. These volunteers use the Give Back platform to help address the needs of the underprivileged children and youth of India's maximum city - Mumbai. Their goal is to help empower and engage with these youngsters in association with partner NGOs 'Vidya' and 'Salaam Baalak Trust' (SBT) to help chart out a sustainable future for these kids. With 'Vidya', the Give Back volunteers help students of the Bombay Municipal High School in class 7 & 8 develop their English language skills. In addition, they impart creative and educational skills to the children of SBT, an organisation that provides a holistic environment for the 2, 00,000 plus street, slum and runaway children, by addressing their educational, creative, cognitive, social and vocational needs. The team of volunteers also provided around 25 children of SBT a unique opportunity to celebrate 'Children's Day' at the Taj Corporate Office. The eventful day ended with a visit to the Taj Mahal Palace hotel - an experience that the kids will cherish for lifetime.

"For me volunteering has been so much more fulfilling than just donating money because it enables me to be personally involved and to see the results firsthand". - Avril Picardo - Learning & Development Manager, Taj Corporate Office.





INDEPENDENT ASSURANCE STATEMENT

To the Management of Indian Hotels Company Limited

Introduction

KPMG was engaged by the Indian Hotels Company Limited ('IHCL', 'the Company') to provide assurance on IHCL's 2012-13 Corporate Sustainability Report ('the Report'), in line with the "Limited Assurance" requirements of ISAE 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information by International Federation of Accountants' (IFAC) International Standard for Assurance Engagements

Assurance scope

The scope of assurance covers data and information on economic (excluding financial), environmental and social indicators presented by IHCL in the Report for the financial year 2012-13, in line with the requirements of GRI – G3.1 (2011) guidelines on sustainability reporting.

Specific limitations and exclusions

Our assurance process was subject to the following limitations as we have not been engaged to:

- Determine which, if any, recommendations should be implemented
- Act on behalf of management in reporting to Board of Directors, or Audit Committee
- Develop/ prepare of source documents
- Verify the Company's financial performance indicators
- Verify the Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company

For the locations that were not visited, we confirmed that the data supplied by IHCL was correctly reported and aggregated at corporate office, but did not verify the underlying reliability of this data on site.

Standards and reporting criteria

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

Work undertaken

Our procedures include assessment of the risks of material misstatements of selected performance indicators and disclosures and underlying internal controls relevant to the information published in the Report. Our procedures were designed to gather sufficient and

appropriate evidence to determine that the selected performance information is not materially misstated. We have undertaken:

- An evaluation of the existence and operation of the systems and methods used to collect process and aggregate the selected performance data presented in the Report. We also tested the reliability of underlying data and information for the selected performance data within the scope of our assurance;
- Conducting visits to domestic hotels and audio conferences with international hotels as below:

Site Visits

- › Ahmedabad - Gateway Hotel, Ginger
- › Bengaluru - Vivanta by Taj - Whitefield, Ginger - Whitefield, TajSATS
- › Hyderabad - Taj Falaknuma Palace, Taj Krishna, Taj Banjara, Taj Deccan, Vivanta by Taj - Begumpet
- › Kolkata - Taj Bengal, TajSATS
- › Mangalore - Gateway Hotel, Ginger
- › Mumbai - Taj Mahal Palace, Vivant by Taj - President, TajSATS

Audio Conference

- › USA - Taj Campton Place

- Checking the Reports' content to ensure consistency with the GRI application level requirements of A+;
- A review of the Report draft to ensure there are no disclosures that are misrepresented or inconsistent with our findings.

Conclusion

Based on our assurance process, as described above, nothing has come to our attention for us to believe that the information presented in The Report is unfairly presented, in accordance with the reporting criteria.

Key observations

Without affecting the conclusion presented above, we would like to draw readers' attention to the following:

- The Report presents six critical sustainability issues of material significance to IHCL and its stakeholders. IHCL can establish company-wide objectives, goals and targets on key sustainability performance indicators and present the performance against the objectives, goals and targets in future reports.
- IHCL has defined procedures to monitor and collate information on safety performance at the hotel-level and corporate-level.
- There is an opportunity to further strengthen IHCL's sustainability data management process including adherence to compliance requirements at hotel-level in order to enhance consistency and reliability of data and information.
- IHCL can conduct specific training and awareness sessions on sustainability at the hotel-level in order to create a better understanding of the reporting requirements.
- Based on our review the Report meets the A+ application level criteria of GRI G3.1 guidelines.

Responsibilities

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

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

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



Santhosh Jayaram
Authorized Signatory
KPMG

August 30, 2013

GRI/UNGC/ NVG-SEE Content Index

Section Name	GRI Indicators Covered	Additional Information	UNGC Principles	NVG-SEE Principles
Beyond the Numbers	3.1,3.3,3.5,3.8,4.12	<p>3.2 - Our previous report was for year 2011-12</p> <p>3.7 - Specific limitations (if any) pertaining to the performance indicators reported have been detailed in the individual sections.</p> <p>3.9,3.10 - The 'per room night' calculations exclude TajSATS which is into airline catering business. We have reviewed and restated the energy consumption and related GHG emissions for 2011-12 to ensure consistent reporting across years.</p> <p>3.11 - This year, we have included the performance of newly opened hotels</p>		
Message from the Managing Director & Chief Executive Officer	1.1			
Our Legacy		4.4 - Refer our Corporate Sustainability Report 2010-11 (Page 07) for our Vision and Values		
11 Decades of Taj	2.1-2.3,2.5,2.7,3.6	2.4,3.4 - Back cover, 2.6 - Refer our Annual Report 2012-13 (Page 47-48) for the shareholding pattern		
A Foundation of Ethics	4.1-4.7, 4.9, 4.10, 4.13, DMA HR, DMA SO, LA13, HR3, SO2, SO3, SO4	<p>EN28, SO8, PR9 - There were no monetary or non-monetary sanctions levied on us in the reporting year for any non-compliance with laws, regulations and voluntary codes</p> <p>SO6- There was no financial contribution to any political party or politician made during the year</p> <p>SO7- There have been no legal actions against us for anti-competitive behaviour, anti-trust, and monopoly practices</p>	<p>Principle 1, 2 – Human Rights</p> <p>Principle 10-Anti-Corruption</p>	Principle 1 - Ethics, Transparency and Accountability

Section Name	GRI Indicators Covered	Additional Information	UNGC Principles	NVG-SEE Principles
Towards a Sustainable Future	1.2, 3.5, 4.4, 4.14-4.17	4.13, SO5 - We are represented in key industry and trade associations. Through these associations, we work with other industry partners on various issues concerning tourism and hospitality industry.		Principle 4 - Stakeholder Engagement, Principle 7 - Policy advocacy
Focussing on Growth & Profitability	DMA EC, EC1, EC9	EC4 - We did not receive any significant financial assistance from government EC5 - We comply with all national regulations of wage payments and pay equal to or above minimum wage requirements at all our hotels. The entry level wage for males and females is equal.		
A Culture of Delight & Surprises	2.10, DMA PR, PR5, PR8	PR1 - Since we are in the hospitality industry, we continuously monitor the safety and air quality of our hotels to ensure the safety of our guests and employees PR3 - We follow all laws of the land regarding service information required. PR2, PR4, PR7 - There were no incidents of non-compliance with regulatory or voluntary codes concerning health and safety impacts, labelling and marketing communication of our products and services. PR6 - We adhere to all mandates of the Advertising Standards Council of India regarding our marketing communications.		Principle 9 - Customer Value

Section Name	GRI Indicators Covered	Additional Information	UNGC Principles	NVG-SEE Principles
Our People, Our Power	DMA EC, DMA LA, DMA HR, EC7, LA1, LA2, LA3, LA4, LA5, LA10, LA11, LA12	EC3 - Refer our Annual Report 2012-13 (Page 90-91) for defined benefit obligations. LA14 - We are an equal opportunity employer, and everything else being equal, the ratio of salaries of men to women is 1:1. LA15 - In 2012-13, 393 associates availed parental leave of which 293 returned to work. HR2, HR10 - While none of our operations have been screened for human rights assessments, all our hotels and suppliers are mandated to follow the TCoC which includes clauses on human rights. HR4 - There have been no incidents of discrimination reported in the reporting year. HR5 - None of our suppliers have been identified as those prohibiting the freedom of collective bargaining. HR6, HR7 - All our hotels prohibit the employment of child labour and forced labour. All employees, including contract employees, are screened to ensure that no child is employed in our premises. HR11 - There have been no grievances related to human rights filed in the reporting year. SO4 - There were no reported instances of corruption during the year.	Principle 3, 4, 5, 6 - Labour	Principle 3 -Employee Well-being

Section Name	GRI Indicators Covered	Additional Information	UNGC Principles	NVG-SEE Principles
Creating Safe Environments	DMA LA, LA6, LA7, LA8			
Preserving the Planet	4.11, DMA EN, EC2, EN1-EN30	<p>EN1, EN2 - These indicators are not materially significant, since we are in the hospitality industry</p> <p>EN17 - Partially reported</p> <p>EN23 - There are no significant spills during the year</p> <p>EN24, EN25, EN27 - Not applicable</p>	Principle 7, 8, 9 - Environment	Principle 2 - Product Lifecycle Sustainability, Principle 6 - Environment
Community & Compassion	DMA SO, EC6, EC8, EC9, LA11, SO1	SO9, SO10 - During our studies in and around our locations of operation, we did not come across any potential or actual negative impact on local communities due to our presence		Principle 8 - Inclusive Growth and Equitable Development
Assurance Statement	3.13			
GRI/UNGC/NVG-SEE Content Index	3.12			
Glossary				

 Our Annual Report 2012-13 is accessible at <http://www.tajhotels.com/About-Taj/Investor-Relations/Annual-Reports.html>
 Our Corporate Sustainability Report 2011-12 is accessible at <http://www.tajhotels.com/About-Taj/Company-Information/Communication-on-Progress-new.pdf>
 Our Corporate Sustainability Report 2010-11 is accessible at <http://www.tajhotels.com/About-Taj/Company-Information/8th-Corporate-Sustainability-Report.pdf>

GLOSSARY



GLOSSARY

- CSMM - Customer Satisfaction Measurement and Management
- CSR - Corporate Social Responsibility
- ESS - Employee Satisfaction Survey
- FTC - Fixed Term Contract
- GRI - Global Reporting Initiative
- GSTS - Guest Satisfaction Tracking System
- HR - Human Resources
- IHCL - Indian Hotels Company Limited
- ISO - International Organisation for Standardisation
- ITI - Industrial Training Institute
- MJ - Mega Joules
- NVG-SEE - National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
- ODS - Ozone Depleting Substances
- OHSAS - Occupational Health and Safety Assessment Series
- PAT - Profit After Tax
- PET - Polyethylene Terephthalate
- SHE - Safety, Health & Environment
- SPP - Strategic Planning Process
- TABE - Taj Awards for Business Excellence
- TBEM - Tata Business Excellence Model
- TCoC - Tata Code of Conduct
- UNGC - United Nations Global Compact
- UNWTO - United Nations World Tourism Organisation
- VOC - Voice of Customer
- WTTC - World Travel & Tourism Council