



**Corporate Sustainability Report  
2004-05  
Taj Luxury Hotels**

# I N D E X

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## What are the main issues of organization related to the major themes of Sustainable Development?

IHCL recognizes the great importance of sustainable growth: the creation of financial, social and environmental value. By striking an equitable balance between these three pillars, IHCL wishes to realize its business objectives while respecting the opportunities for future generations to meet their own needs, in particular the need for mobility, income, good working conditions, self-development and a high quality of life.

IHCL is part of the TATA Group whose group purpose is to improve the quality of life of the communities we serve. This, the purpose envisions, is to be achieved through leadership in sectors of economic significance and by evoking trust amongst the stakeholders by returning to them and the society what we earn.

Hospitality industry, of which IHCL is a part, forms the hub for travel and tourism sector, which is one of worlds fastest growing export industry that contributes nearly 1% to the total global value added, contributed 6% to global exports, comprises nearly 30% of the global trade in services, provides 10.7% of the global employment and is the third largest export industry in India. Accordingly, in line with and in its efforts towards attainment of the group purpose, IHCL has set out a vision for itself to become a global leader in the hospitality industry.

Study surveys and negotiations on acquisition of properties in the Indian Ocean, China, Bali, Indonesia, Malaysia, USA and European countries are in progress.

Our organization's goal is to be a dominant force in the global market with long term expansion programs to increase capacity from 8100 rooms to 20400 rooms and from 68 hotels to 176 hotels in the next five years.

IHCL has adopted the TBEM Model (on lines of Baldrige Criteria for Performance Excellence) to achieve leadership and excellence in its sector as envisioned. The TBEM has as its central theme, *balancing stakeholder needs*, which echoes the ethos of the group purpose, of returning to the stakeholder and society what we earn. In balancing the needs of all stakeholders and through fairly sharing value added among them, IHCL contributes to improving the lives of all stakeholders.

On a long term perspective, IHCL sees commitment and contribution to Sustainable Development as the singular path to attainment of permanent and sustained improvement in the lives of all stakeholders, thereby of the communities IHCL serves. To understand and operationalize its commitment to sustainable development, IHCL has adopted the Millennium Development Goals (MDG) and Agenda 21 framework. IHCL has mapped the implications of this framework for its business and identified the following major themes as relevant.

- a) Contributing to **MDG 1, Eradicate extreme hunger and poverty, through creation of sustainable livelihoods and employment**. This is relevant to our business in light of the fact that the employment multiplier for the sector is 1.36 i.e for every person directly employed in the sector, 1.36 persons gain indirect employment elsewhere. The sector contributes to creation of sustainable employment opportunities also since the sector has a labour – capital ratio (per million rupee invested) of 89 as compared to 44 for agriculture and 12.7 for manufacturing. Finally, this is one sector where women employees have outnumbered men and has the potential to contribute to empowerment of this large but vulnerable group thereby making **MDG 3 Promote Gender equality and Empower Women**, a reality.

Hence, IHCL believes that through aggressive investments and growth in its business, it can contribute significantly to creating “sustainable employment” and empowerment.

Further details of the various initiatives taken have been provided in our Social Performance Section.

- b) Contributing to **MDG 7, Ensure Environmental Sustainability** through environmental themes that need to be considered for integration of sustainable development into decision processes including:
- opportunities for environmental stewardship to reduce *unsustainable production and consumption*, without compromising on the quality of service delivery to meet customers requirements.
  - protection of atmosphere by conservation of energy, phaseout of ODS etc and minimizing other emissions;
  - improved planning and management of land resources and taking an integrated utility view of the land diverted to hotel use in light of the competing uses and the fact that in several instances large tracts of land may be diverted to resorts etc.;
  - combating desertification and drought through better management of water resources on their premises and development of renewable sources;
  - sustainable mountain development by contributing to understanding and protecting mountain ecology in hill resorts in particular;
  - conservation of biodiversity particularly in biodiversity rich locations by prevention of habitat destruction, pollution and introduction of foreign and/or exotic species;
  - protection of marine life particularly in case of properties located in coastal areas by preventing pollution;
  - mitigation of hazards from use of any toxic chemicals and/or hazardous wastes generated through adoption of sound management practices;
- c) Health ultimately depends on the ability to manage successfully the interaction between the physical, spiritual, biological and economic/social environment. Hospitality industry typically does not directly contribute to adverse health impact but IHCL does see for itself a role in *protecting and promoting health* particularly in mitigating risk of adverse health impacts on account of environmental pollution and hazards to the extent relevant. Agenda 21 has clearly recognized the need to *promote, mainstream and integrate traditional knowledge* in the health sector. IHCL, in view of the growing market for “health tourism” sees a role for itself in promoting, standardizing and mainstreaming traditional knowledge through Health Spas and thereby contributing to its mainstreaming across the country. Product extensions like spas and related products are necessary for IHCL-TLH’s growth and value added product offering. Our own spa brand, JIVA have been planned for all the hotels both in India as well as abroad.

Central to contributing to enabling sustainable development is *integration of the ethos of “sustainable development” in the decision process* in the company. While TBEM places sufficient emphasis on the integration of environmental and social considerations in business processes, IHCL sees a need to design systems for full integration of sustainability concerns in the organization. Enabling sustainable development through deployment of adequate resources, adoption of international best practices, state of the art technologies and creating stakeholder awareness on how each can contribute to sustainable development. IHCL can contribute significantly to creating awareness by integrating Sustainable Development Training in its training institutions and programmes, integrating it with its brand and seeking support of customers in particular in its endeavors.

- d) Proactively approaching, complying and exceeding the requirements of international and national, agreement and legal framework.

Against this backdrop, IHCL has identified the following economic, environmental and social issues. These, in view of the current priorities, criticality for the business in the emergent scenario and relevance to the context, are appropriately addressed either in the strategic objectives or action plans or performance improvement programmes. Moreover, IHCL also recognizes that every corporation operating in a

developing socio-economic environment is both shaped by the external environment and at the same time has the potential to impact the external environment such that its evolution is affected. It is also every corporation's responsibility to evolve strategies that have an overall beneficial impact on the external environment. In this context IHCL – TLH has identified the following Economic, Environmental and Social Issues that are of critical importance to its business and through which IHCL also is likely to contribute to shaping the external environment.

### **Economic Issues**

- a) The fortunes of travel and tourism and as a consequence, the hospitality industry, are intimately linked to the Geopolitical and economic scenario. Adverse as also positive impacts are immediately reflected in the sector performance providing a further positive and/or negative feedback to the economy. This requires TLH to be extremely sensitive and responsive to the stimulus from the external environment.
- b) Ensuring Maximum returns to shareholders besides being a sacrosanct object, results in wealth creation for the economy contributing to improved business confidence and thereby contributes through investment – multiplier – accelerator to growth. Moreover, sustained healthy returns and investments in the sector, in view of the high capital labour ratio, results in very high levels of employment creation. This in a country with high levels of unemployment as also under employment is a critical contribution to the economy.
- c) Increased competition and Entry of International Hotel Chains with higher global brand equity, poses a risk to TLH, which it must gear up to address. From a larger economy wide perspective though, entry of large international chains shall result in growth of the industry and GDP, increased employment, improvement in service delivery and development of new markets.
- d) Strengthening Sales and Marketing abroad shall besides building TLH brand and business development for TLH, shall also result in building Brand India across the world. Moreover, it shall result in increased export of services contributing to improved BOP situation specifically.
- e) Implementing a unique customer value proposition and upgarding its services to world class levels, is essential to meet the challenge posed by International Hotel Chains as also grow its business in India and other parts of the world. This shall though, on an economy-wide scale, also result in building national intellectual capital besides improved service delivery and satisfaction of customers.
- f) To continue its dominance of the Indian hotel industry IHCL needs to grow through profitable investments, which shall result in contributing to GDP growth and employment creation.
- g) Product extensions are necessary to diversify IHCL's offering and also to enhance the stay experience of guest. Some of the extensions like Spa's and related products may be directly linked to promoting and strengthening traditional health systems in the country with several spin-off economic and social benefits.
- h) Use of technology to enhance guest stay experience through use of in room technology and through technology platforms for guest recognition and personalized service shall besides improved guest satisfaction levels also result in enhancement of national intellectual capital through exposure and training on new technology platforms.
- i) Use technology to improve efficiencies, trimming waste, Improving Productivity to drive down costs shall result besides increased market penetration also in improved the efficiency of capital and improve capital output ratio.
- j) Increasing launch of standalone restaurants poses a risk to TLH's food & beverages customer base and TLH needs to address the same urgently and appropriately. The TLH recognizes that the development is an indication of an emergent trend, which is indicative of an increasing demand and a developing market for the service, which shall be further catalyzed on account of increased access to high quality service. The challenge for TLH is to retain and grow its share in this growing market.

### **Social Issues**

Most of the issues identified herein have a financial implication and addressing the same is considered necessary for attainment of TLH's vision. Nevertheless, these issues have several social implications also, which have been discussed here-below.

- a) Implementing a unique customer value proposition and upgarding its services to world class levels would result besides increased levels of satisfaction, increased attraction on international tourism also in increased capability and skill levels in the country.
- b) Attracting and Motivating an Energised work force to deliver excellent and consistent personalized service is shall result in capable, motivated and satisfied workforce.
- c) To continue its dominance of the Indian hotel industry IHCL would have to grow through profitable investments and this shall also contribute to generation of employment across the value chain including for social groups that have been exposed to historical patterns of discrimination.
- d) Product extensions like Spa's and related products are necessary for IHCL-TLH's growth and value added product offering, but the same may strengthen traditional knowledge systems for reasons already discussed above.
- e) Use of in room technology and through technology platforms for guest recognition and personalized service, use technology to improve efficiencies and drive down costs shall build national capabilities.
- f) Driving Down operating costs and improving productivity shall involve some amount of right sizing but the same shall enable TLH to enhance productivity and thereby support growth through investments, which in the medium term result in increased employment creation.

### **Environmental Issues**

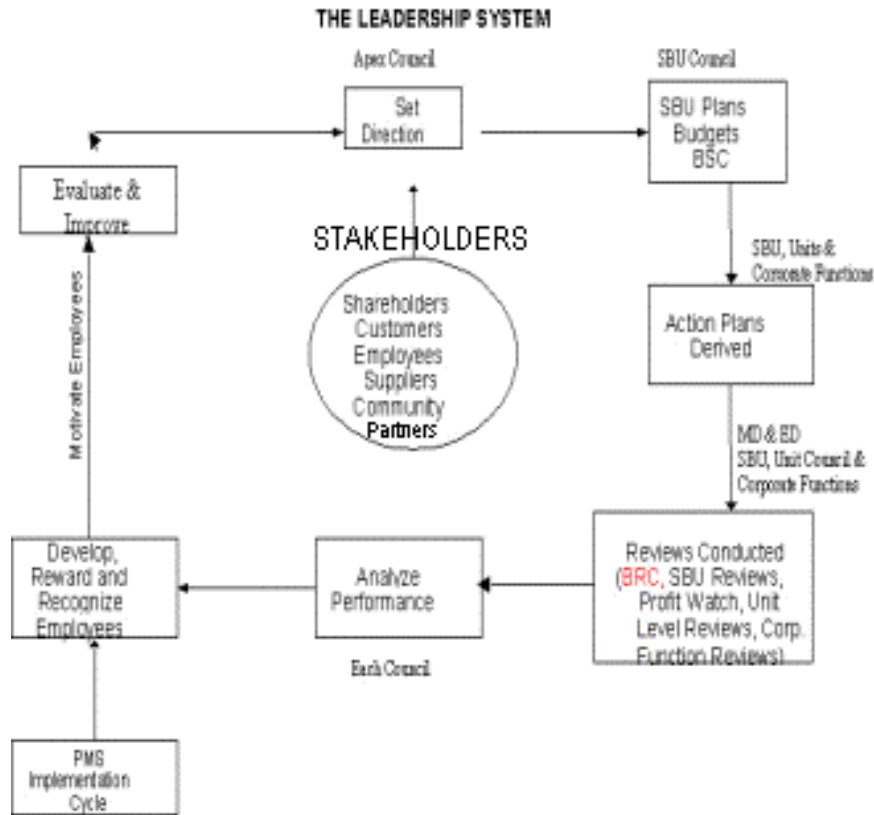
- a) Through a collective focus on improving productivity, trimming waste, driving down operating costs and use technology to improve efficiencies shall collectively result is resource conservation.
- b) At a strategic level, IHCL-TLH recognizes the need to integration "sustainability" in the decision process across all levels from strategic to operational planning.
- c) At an operational level addressing issues including
  - protection of atmosphere by conservation of energy, phase-out of ODS etc and minimizing other emissions;
  - improved planning and management of land resources and taking an integrated utility view of the land diverted to hotel use in light of the competing uses and the fact that in several instances large tracts of land may be diverted to resorts etc.;
  - combating desertification and drought through better management of water resources on premises and development of renewable sources;
  - sustainable mountain development by contributing to understanding and protecting mountain ecology in hill resorts in particular;
  - conservation of biodiversity, particularly in biodiversity rich locations, by prevention of habitat destruction, pollution and introduction of foreign and/or exotic species;
  - protection of marine life particularly in case of properties located in coastal areas by preventing pollution;
  - mitigation of hazards from use of any toxic chemicals and/or hazardous wastes generated, through adoption of sound management practices;

### **How are the stakeholders included in identifying these issues and for each issue which stakeholders is most affected by the organization?**

Given the high profile and the high contact service industry in which TLH is operating, it wishes to have an equitable balance between its various stakeholders. The stakeholders identified by the group are Customer, Workforce, Suppliers, Community, Partners and Shareholders. TLH has built in a number of processes to get the feedback from each of these stakeholders and address issues related to each of the stakeholder. The stakeholders have been identified based on impact of our operations.

The figure below depicts the leadership system. The Apex council reviews the Vision and Mission of the company taking into consideration the objectives/interests & concerns of various stakeholders. This sets the

direction for the company and is devolved to the SBUs in form of their long term and short term plans. The SBUs by the end of the planning cycle does their budgeting and the BSC for the coming year, which is converted to action plans. The performance of the SBU is reviewed by the MD, Unit Council and Corporate departments every month. At the corporate level the performance is reviewed by the board and Business Review Committee (BRC) reviews the performance of the company once a year. The reviews along with the Performance Management System provides the input for rewarding the units / employees.



Through the engagement process regular feedback is obtained from all the stakeholders on issues pertaining to corporate sustainability. The key issues, the strategic objectives to address the issues and the stakeholders impacted is given below. Most of the key issues have multiple strategic objectives to address them which is usually depicted in a strategic map. Here for the sake of simplicity, we have depicted the same in a tabular format.

### I. Financial

Issues	Objective	Stakeholder affected
• Ensure Maximum returns to shareholders	Taj Luxury SBU will improve EVA	Shareholder & Workforce
• Dominate through growth and investments	From the existing hotels TLH will increase EVA & outperform competitive set	Shareholder & Workforce
• Increased competition from International Hotel Chains	Increase market share	Shareholder & Workforce
• Increasing launch of stand alone F&B outlets	F&B revenue growth	Shareholder & Workforce
	Growth through acquisitions	Shareholder & Workforce

<ul style="list-style-type: none"> <li>• Improving productivity and efficiency</li> <li>• Increasing sales and marketing abroad</li> </ul>	Improve Operating & Financial Efficiency	Shareholder & Workforce
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## II. Customer

Issues	Objective	Stakeholder affected
<ul style="list-style-type: none"> <li>• Upgrade Products and Services and customer value experience</li> </ul>	Best in Class “ Super Luxury” experience	Customer
<ul style="list-style-type: none"> <li>• Product Extensions and related products</li> </ul>	Unique Palace experience laced with Culture & Heritage of the region	Customer
<ul style="list-style-type: none"> <li>• Increasing launch of stand alone F&amp;B outlets</li> </ul>	In F&B Taj is the trendsetter and preferred choice	Customer
<ul style="list-style-type: none"> <li>• Use of in room technology</li> </ul>	In banquets & conferences TLH draws the high profile segments	Customer

## III. Internal Processes

Issues	Objective	Stakeholder affected
<ul style="list-style-type: none"> <li>• Increasing sales and marketing abroad</li> </ul>	Domestic & International brand development	Customers, Workforce & Shareholder
<ul style="list-style-type: none"> <li>• Improving productivity and efficiency</li> <li>• Use of technology</li> </ul>	Achieve Operational excellence	Shareholder and Employees
<ul style="list-style-type: none"> <li>• Use of technology</li> <li>• Increasing sales and marketing abroad</li> </ul>	CRM for key accounts	Customer
<ul style="list-style-type: none"> <li>• Upgrade Products and Services and customer value experience</li> <li>• Product Extensions and related products</li> </ul>	Innovative product through product development & renovation	Customer
<ul style="list-style-type: none"> <li>• Improving productivity and efficiency</li> <li>• Use of technology</li> </ul>	Strategic Sourcing	Supplier

## IV. Environment, Societal and Regulatory Concerns

Issues	Objective	Stakeholder affected
<ul style="list-style-type: none"> <li>• Improving productivity and efficiency</li> <li>• Use of technology</li> <li>• Environmental Concerns</li> </ul>	Reduction in Energy Consumption	Community and regulators
	Reduction in Water Consumption	
	Community initiative no. of volunteers	
	No. of legal cases filed	
	Record of compliance of various laws	



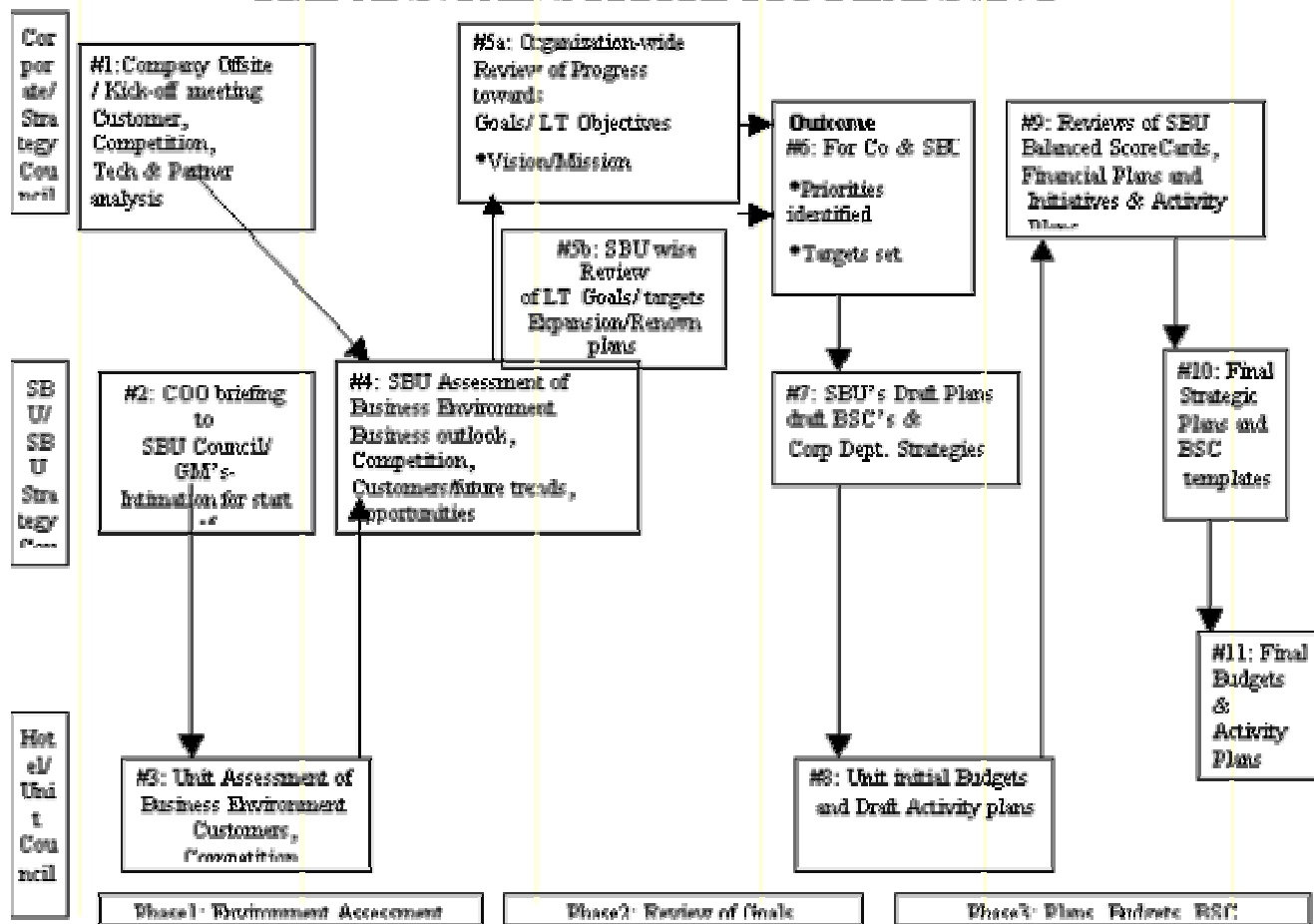
## V. Employees, Learning & Growth

Issues	Objective	Stakeholder affected
• Attract and motivate an energized workforce	Appropriate Manpower planning & Staffing	Workforce
• Use of technology	Enhance Competitiveness to be best in class	Workforce & Shareholder
	Enhance Morale & Motivation	Workforce
	Benchmarking & Knowledge management	Workforce, Shareholder
	Strategic Technologies for operations & Support systems	Customer, Workforce & Shareholders

### How are these issues reflected in the organization's values and integrated into business strategies?

The Taj group's has a formal strategic planning process which, as indicated at Figure 1.1 above, has stakeholders at its core. Stakeholder inputs are fed into the strategic direction that sets out the corporate values and the vision, mission of the company. The strategic plan is derived from this strategic direction. The plan itself is evolved and incorporates planning by all the corporate departments and SBUs. The key participants of the planning process are the Apex council, unit GMs as well as the BRC / Board which is the apex body for reviewing and approving the strategy. During the strategic planning process all the issues pertaining to the various stakeholders are addressed by the respective units / corporate departments. The culmination of the Strategic Planning Process are the Action Plan Documents at the Unit level (one year time horizon), the Strategic Plans and Capital Resource needs and Financial Forecast at the SBU level (one year budget and 4 year forecast), Corporate Dept. Strategic Plans (with a 3 to 5 year time horizon) and our BRC document that brings all the plans together in one comprehensive document that covers both the review of progress towards goals / implementation of strategies and the strategies and plans for the Corporate Departments and SBU's. In Step 1 the corporate departments provide inputs to the Apex council which includes feed back from various stakeholders. In Step 3 & 4 a detailed analysis of the environment and competitors is done and key issues identified. The Vision and Mission of the company is revived in Step 5 by the MD and Apex council based on environment assessment done in Steps 3&4 at the unit and SBU level and inputs from corporate departments received in Step 1.

## THE ANNUAL STRATEGIC PLANNING



**Figure 1.2: The strategic planning process**

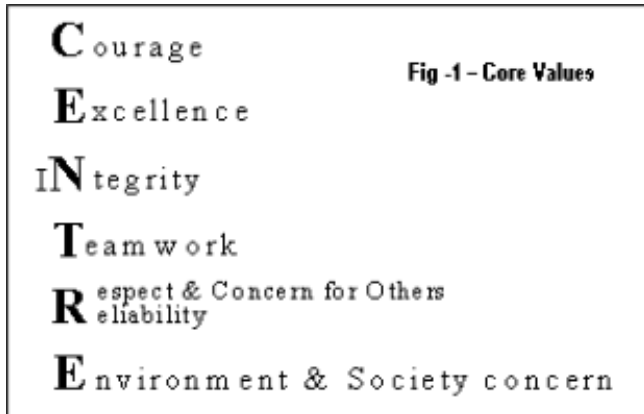
IHCL's vision statement along with the core values is the guiding force for the organization and works towards organization's sustainability by setting integrated economic, environmental and social goals. The vision steers the organization to become an international benchmark in the hospitality industry by dazzling and delighting the customer with its superior quality products, F&B experience and exceptional service standards. The value system ensures that our dealings with all the stakeholders are mutually rewarding. To improve the economic performance Luxury division has improvement of Economic Value Added (EVA) as its key objective. This will be achieved through increasing market share, higher share of FFIT business, highest growth in F&B revenue amongst the competitive set, strategic acquisitions and higher operating and financial efficiency. The operating efficiency will be driven by reduction in fixed costs, resource conservation and reduction in waste and waste recycling. TLH shall maintain its leadership position by achieving operational excellence and excelling in economic, environmental and social performance through stakeholder engagement at planning and implementation stages and by building in a feedback mechanism. Taj is in the process of relooking at the present brand architecture and has appointed an external agency to advise us on the brand architecture and unique customer value proposition for each of the brands. TLH is also in the process of relaunching a number of its properties and F&B outlets to compete successfully against the international chains coming to India and the new standalone F&B outlets. TLH has undertaken a number of initiatives to attract, motivate and retain talent. In order to increase its visibility and brand awareness Taj is looking at expanding its reach in key international gateway cities. In order to cater to the growing number of discerning travelers TLH has undertaken a number of steps to significantly raise the service standards. It

has launched the butler services and is also looking at significantly upgrading the ‘total experience’ of the customer beginning from airport transfer, stay, shopping and check out. The stakeholder concerns identified through an engagement process are prioritized and integrated into the business decision making as is amply reflected in IHCL TLH’s Vision, Core Values, Taj Philosophy and Eco-Taj Policy provided hereunder.

**Vision Statement:**

**Vision:** *“To lead and become the international benchmark in the hospitality industry, in Asia and key regions of the world. To dazzle and delight the customer with the highest quality of hotel products, food and beverage experiences, and, above all, exceptional service standards.”*

**Core Values:**



**What are the organization’s objectives and actions on these issues?**

<p><b>The Taj People Philosophy</b></p> <p>You are an important member of the Taj family.</p> <p>We endeavour to select, retain and compensate the best talent in the industry.</p> <p>We reward and recognise quality customer care based upon individual and team performance.</p> <p>We commit to providing you with opportunities for continuous learning and development.</p> <p>We abide by fair and just policies that ensure your well being and that of your family, the community and the environment.</p> <p>We commit to regular and formal channels of communication, which nurture openness and transparency.</p> <p>We strongly believe that <b>you are the Taj.</b></p>	<p><b>EcoTaj</b></p> <p>The Taj Group of Hotels strives to protect, conserve, and restore our natural environment for the benefit of the future generation.</p> <p>Committed as we are to sustainable development, we believe in building, managing and maintaining hotels and food service facilities which operate more efficiently and profitably.</p> <p>Using fewer resources and generating minimal waste.</p> <p>Towards these ends, we pledge to create environmental awareness among our employees, customers, suppliers and community at large.</p>
<b>Taj People Philosophy</b>	<b>EcoTaj Policy</b>

The organization's strategy ensures creation of value for all its stakeholders and contributes towards achieving sustainability goals. The strategy addresses all the stakeholder concerns through creation of wealth and employee and customer satisfaction. The short term and long term action plans devolving from the strategic planning process addresses various issues and interests of the various stakeholders identified by the engagement process. IHCL has launched on a series of value adding initiatives and has initiated a number of steps to significantly improve EVA and to be EVA positive in 3-4 years and significantly improve stay experience.

Our key strategic objectives are listed below:

1. To continuously improve EVA
2. To be perceived as being the pre-eminent luxury chain in India
3. Provide best in class products and services
4. Create a customer driven focus with high levels of excellence through
  - a) People
  - b) Processes
  - c) Technology

Action plans for the Unit form the other final step of the strategic planning cycle. The BSC / activity plans are drawn at the corporate as well as the unit level. These activity/ action plans follow a bottom-up approach, where-in first the unit level plans are drawn, which is based on assessment carried out by the unit and SBU-wise review of the goals / targets. Unit level plans are developed by individual hotel GMs in consultation with the COO of the Luxury Division and deployed through cross-functional teams that are formed at the hotel. Corporate level plans are developed by the Corporate Apex Council and are deployed through cross-functional corporate teams. A structured format that guides effective action planning is used consistently across the organization for all critical action plans that are developed.

The principle members of the committee that review and allocate capital resources are the MD, and CFO (Chief Finance Controller). Allocation of human resources at a senior management level is done through a committee consisting of the MD, Sr VP- HR, COO / relevant function head. At a next level, a Career Development Committee (CDC) consisting of the VP-HR, COOs' and Functional Heads make decisions pertaining to allocation of Human Resources. The Short term and Long term plans for the TLH is given below:

<b>Strategic Challenges</b>	<b>Strategic Objective</b>	<b>Short Term Action Plans</b>	<b>Long Term Action Plans</b>
<b>Domestic Dominance Threatened</b>	<ul style="list-style-type: none"> <li>• F2 Grow Revenue</li> <li>• C1 Provide International Quality Luxury Experience to high –yield Travelers</li> <li>• C2 Provide innovative / creative F&amp;B experience</li> <li>• C3 Customer Retention</li> <li>• I1 Domestic &amp; International Brand Development</li> </ul>	<ul style="list-style-type: none"> <li>- Show Rev Par growth at metro &amp; key cities (7.3-7)</li> <li>- Grow F&amp;B revenue (7.3-2) - menu engineering, Add value to menu prices. Enhance entertainment options.</li> <li>- Utilize new website (7.5-24)– direct booking capacity</li> <li>- Review loyalty program (7.1-44)</li> <li>- Expand PR / advertising reach (7.1-22)</li> <li>- Representatives / Sales offices in emerging market</li> <li>- New F&amp;B concepts (7.3-22a, b, c &amp; d)</li> </ul>	<ul style="list-style-type: none"> <li>- Roll out of SPAs</li> <li>- Renovation of rooms &amp; restaurants across TLH</li> <li>- Expansion in Domestic market – new properties</li> <li>- Addition of keys (new rooms added at existing hotels)</li> </ul>
<b>Brand Development and customer relationships</b>	<ul style="list-style-type: none"> <li>• I1 Domestic &amp; International Brand Development</li> <li>• I3 Customer Knowledge &amp; Intimacy</li> <li>• F4 International Expansion</li> <li>• L5 Technology to enhance customer experience</li> </ul>	<ul style="list-style-type: none"> <li>- Roadshows &amp; PR Activities</li> <li>- International Sales Offices/ PR Offices in France, Germany, Japan</li> <li>- Focus on electronic distribution channels (GDS, web) (7.5-25 &amp; 26)</li> <li>- Strengthen guest preference system (CIS) (7.1-45 &amp; 46)</li> </ul>	<ul style="list-style-type: none"> <li>- Representatives and PR Offices</li> <li>- Tapping &amp; pursuing opportunities in emerging markets</li> <li>- Brand architecture</li> <li>- Customer value management</li> <li>- New co branding partner marketing opportunities</li> </ul>
<b>Product and Service up gradation.</b>	<ul style="list-style-type: none"> <li>• I4 Innovative &amp; Efficient Product Development &amp; Upgrades</li> <li>• I2 Operational Excellence</li> <li>• I5 Environment, community &amp; regulatory concerns</li> </ul>	<ul style="list-style-type: none"> <li>- Renovate Taj Mahal Palace and Tower and Taj Westend, Coromandel</li> <li>- Initiatives like – Butler service, concierge service, Hana program, Chauffeur, Door Associates program (reflected in overall results in 7.1 &amp; 7.2)</li> <li>- Improvements in internal processes (7.5-1a – 1s)</li> <li>- Repositioning the restaurant experience - Food &amp; Other experience (7.5-7)</li> <li>- Increased use of IT platforms such as CIS (7.1-45)</li> <li>- Consolidation of National call centre – 24/7, international</li> <li>- HACCP / ISO 14000 certifications for key units (7.5-13)</li> </ul>	<ul style="list-style-type: none"> <li>- Renovate Luxury hotel portfolio within 5 years</li> <li>- Match the top international luxury hotels in service standards (Measured by Richey audits)</li> <li>- Remain leading player in F&amp;B through innovative concepts launched</li> <li>- HACCP / ISO 14000 certifications for all units</li> </ul>
<b>Growth with EVA</b>	<ul style="list-style-type: none"> <li>• F1 Achieve Incremental EVA</li> <li>• F3 Manage Cost</li> <li>• F2 Grow Revenue</li> <li>• F4 International Expansion</li> </ul>	<ul style="list-style-type: none"> <li>- Cost Management - TOP (7.3-17, 7.3-11 /12/13)</li> <li>- Revenue Management Initiatives (7.5-5)</li> <li>- Innovative ideas by Business Development to reduce project cost (7.5-6)</li> </ul>	<ul style="list-style-type: none"> <li>- Luxury Service Apartments</li> <li>- Original Palaces</li> <li>- Spas (Jiva Grande)</li> <li>- International Expansion – (Beijing, Shanghai, Dubai, Doha, NY, LA, London, Singapore, Australia, Bangkok, Switzerland)</li> </ul>
<b>Human Resource Challenges</b>	<ul style="list-style-type: none"> <li>• L3 Create an atmosphere for an energetic &amp; Vibrant work Force</li> <li>• L1 Manning levels to realign to the luxury services provided</li> <li>• L2 Enhance competency levels to be best in class</li> <li>• L4 Knowledge Management</li> </ul>	<ul style="list-style-type: none"> <li>- Optimize manning levels (7.3-12, 7.4-1 &amp; 7.4-5)</li> <li>- Recruitment of manpower in line with business requirements</li> <li>- Refining the PMS system (7.4-6 &amp; 9)</li> <li>- Refine recognition systems (7.4-31 &amp; 33)</li> <li>- 'Back to Basics' training ( The Art of Hospitality Module) (7.4-10)</li> <li>- Retaining talent (7.4-3)</li> <li>- KM@tajhotels.com</li> </ul>	<ul style="list-style-type: none"> <li>- Building a bench strength for domestic &amp; global expansion</li> <li>- Building future capabilities through leadership development and international exposure.</li> <li>- Alignment of compensation structure to the workforce restructuring.</li> </ul>
<b>Short &amp; Long Term Goals</b>			

# **Corporate Sustainability Report 2004-05 Taj Luxury Hotels**



## **Profile of the Organisation**

## 2.1 Name of the Reporting Organization

The Indian Hotels Company Limited

## 2.2 Major Products and/or services, including brands if appropriate

Founded by J N Tata in 1903, the Taj Hotels Resorts & Palaces is renowned for indulgent luxury, highly personalized service and exceptional food & beverage experiences. Since its inception, the Group has grown from one hotel to becoming the largest hotel chain in South Asia. Taj Hotels Resorts & Palaces. TLH comprises of some of the finest luxury hotels and palaces in India and overseas, and has played a pioneering role in transforming the hospitality industry in India by combining warm & efficient service with robust business practices comparable to the best in the international hospitality industry. Globally, few hotels have the distinction of being over 100 years old and The Taj Mahal Palace and Tower in Mumbai, (TMP&T) the flagship hotel of TLH is one of them. TLH comprises of 12 unique properties in India, (including three stunning original palaces which cater to the top end leisure traveler) and 4 properties abroad Our main products and services are as follows –

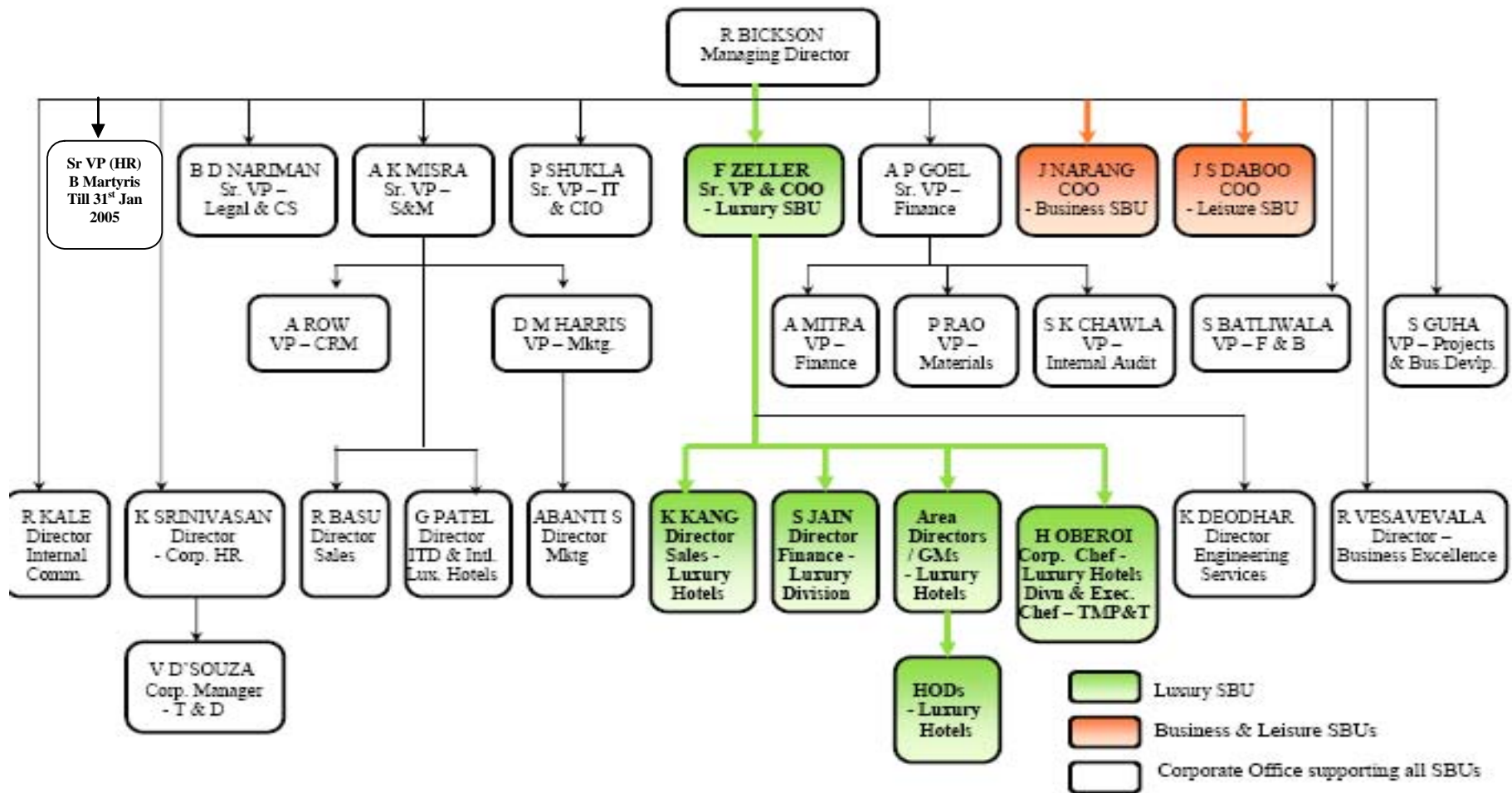
**Rooms:** Designed for supreme comfort, a room at the hotel begins with a liberating sense of space, designed to inspire, while ensuring guest comfort and convenience. This creates a feeling of being thoroughly at home, and a complete sense of well being. Keeping in mind the changing lifestyle of the global traveler, are facilities such as health club / spa, 24-hour laundry service, butler service, concierge service ,business centre, restaurants, and travel services, that further enhance the guest stay experience. Our Luxury Serviced Apartments, Taj Wellington Mews, the first such product in South Mumbai, represents the pioneering spirit of TLH.

**Restaurants:** 29% of revenues accrue from the 70+ restaurants and bars in the Luxury division. TLH has been a trendsetter in introducing new and innovative culinary concepts, taking the dining experience to a new level. The gourmet restaurants and elegant bars create a unique luxury ambience. All properties at TLH feature international cuisine and regional specialty restaurants. TLH was first to introduce 24 – hours in-room dining, licensed bars and nightclubs as well as the all-day dining concept. TLH’s cuisines range from South East Asian to European. Several of our restaurants have won awards over the years.

**Banqueting and Conferences:** Most TLH units have extensive and well-appointed indoor and outdoor banquet / conference facilities which contribute to 13% of TLH revenue. These are suited to a variety of functions such as seminars, conferences, workshops, video-conferencing, special venues for launches of products, social and cultural events. The extent of banqueting / conferencing facilities varies from one property to another depending on market demand.

**Delivery to Customers:** An elaborate network of distribution channels facilitates product delivery to customers across different geographical locations.

## 2.3 Operational Structure of the Organization





## 2.4 Description of major divisions, operating companies, subsidiaries and joint ventures

Indian Hotels Company Limited (IHCL), comprises of three SBUs, namely, Luxury SBU, Business SBU and Leisure SBU.

This report is restricted to the luxury SBU, The Luxury Hotels (TLH) division.

Within the Luxury SBU, which accounts for a significant proportion of the revenue and profitability,

Hotel	City	No. of Rooms	Annual Sales 2004-05 (INR Million)
The Taj Mahal Palace & Tower	Mumbai (South)	553	2020
Taj Land's End	Mumbai (North)	352	920
The Taj Mahal	New Delhi	296	1180
Taj Palace	New Delhi	422	1280
Taj Bengal	Calcutta	228	510
Taj Coromandel	Chennai	205	590
The Taj West End	Bangalore	121	610
Taj Krishna	Hyderabad	258	650
Taj Lake Palace	Udaipur	83	290
Rambagh Palace	Jaipur	90	390
Taj Wellington Mews	Luxury Serviced Apartments, Mumbai	80	100

the ownership pattern and Joint Venture details are as follows –

Recently four new properties we added to our TLH group:

- Umaid Bhavan, Jodhpur, India
- Taj Exotica Resort & Spa, Mauritius
- Taj Denis Island, Seychelles
- 51 Buckingham Gate, London, UK (Attached to Crowne Plaza, St. James)

## 2.5 Countries in which the organizations operations are located

IHCL has hotels in India, Sri Lanka, Maldives, Dubai, Yemen, Mauritius, Seychelles, Zambia, UK. TLH operates primarily from India but also has properties in UK, Mauritius and Seychelles

## 2.6 Nature of Ownership

The shareholding pattern of IHCL is given in the table below.

Category	No. of Shares held	Percentage of Shareholding
Indian Promoters	16619787	35.81%
Mutual funds and UTI	2010561	4.33
Banks, FI's, Insurance Cos, Central / State Govt./ Non-Govt Institutions	8378692	18.05
FII's	6492508	13.99
Private Corporate Bodies	1073327	2.31
Indian Public	10991368	23.68
NRI/OCB's	226500	0.49
Others	620258	1.34
<b>Total</b>	<b>46413001</b>	<b>100</b>

## 2.7 Nature of Markets Served

Customer Segment *	Room Revenue	Definition
Corporate (55% Revenue Share)	20,645	Individual Business travelers who travel to the city and stay at a hotel for a duration lesser than 10 nights at a stretch.
Longstayer (12%)	3513	Individual travelers who travel to the city and stay at a hotel for a duration of more than 10 nights at a stretch.
Conferences (7%)	2574	Groups of individual travelers visiting the hotel for attending a conference organized in any of the conference halls at the hotel.
Events (6%)	2381	Groups of individual travelers visiting the hotel and staying at a hotel together to attend a function held in the city.
Groups (5%)	1725	Inbound foreign leisure travelers visiting as part of a group.
Leisure (11%)	3596	Free individual Leisure traveler who travel to the city and stay at a hotel for a duration lesser than 10 nights at a stretch.
Crew (4%)	2179	Airline crew

## 2.8 Scale of Reporting Organisation

### a) Number of Employees

Category of employees	TLH	Corp	Education levels
<b>1. Executives</b>			
Sr Mgmt	25	69	Hotel Management Graduates, Graduates, Post Graduates, MBAs, Engineering Graduates, IT Diploma Holders
Middle Mgmt	155	115	
Jr. Mgmt	770	283	
<b>2. Staff</b>			
Permanent	2893	34	Matriculation, 12 <sup>th</sup> Standard Pass, Craft Course in Hotel Management
FTC	828	96	
Trainees & probationers	450	106	
<b>3. Outsourced</b>	1585	-	Upto high school level / specialized technical training
<b>4. Apprentices</b>	618	-	High school level
<b>Total</b>	<b>7324</b>	<b>703</b>	

### b) Products and Services Offered

The total focus is on the Rooms, Restaurants and Banqueting and Conferences. The Luxury SBU has almost around 2900 rooms and over 70 restaurants. In addition almost all have banqueting and conferencing facilities.

The total rooms under IHCL is 8000 across all its subsidiaries and there a total of 300 Restaurants

**c) Net Sales**

The total revenue of the Luxury SBU was INR 8670 million for the year 2004-05 while that of IHCL was INR 1.524 billion

**d) Total Capitalization**

The total capitalization broken down in terms of debt and equity is as follows:

Debt: INR 10.083 billion and

Equity: INR 11.320 billion

**e) Total Assets**

The total assets of IHCL are INR 22.664 billion broken up into:

- Fixed Assets : INR 8.852 billion and
- Net Current Assets : INR 5.552 billion

**2.8g1) Sales & Revenues by Countries**

The total number of guests from countries contributing more than 5% of the total sales of the luxury Division are:

<b>Country</b>	<b>% of total guests</b>
India	51.18%
U.S.A.	6.98%
U.K.	6.61

**g2) Total Revenues**

The Total revenues of the Luxury Division was INR 8.67 billion for the year 2004-05

**g3) Major Products and/or identified services**

Refer to point 2.2

**g4) Costs by country/region**

Almost all costs are within India, with the exception of small marginal costs related to running small international offices.

**g5) Employees by country/region**

TLH believes in employing the local populace as far as possible. Hence, the properties of TLH located in India, employ Indians. Similarly, for all our overseas properties the employees are primarily drawn from the local population. Further, Mr. Raymond Bickson, a citizen of USA, has been our Managing Director since mid-2003.

## 2.9 List of Stakeholders

### Communities

The immediate communities surrounding our properties are one of the key stakeholders. We have formulated a Taj Community Development Philosophy. Also a Community Development Action Group ensured that the community initiatives are driven at all units, which is headed by a managerial employee, it consists of staff level employees who drive community initiatives at the unit.

The Taj strives constantly to sustain number of volunteers by effectively matching organization needs of the community. Also Taj partners with NGO's and Government agencies in the field of community initiatives.

### Customers

Key customers are Indian and Foreign Travelers who visit the key locations where we have our presence, depending on the purpose of visit which could be business or leisure. Travel agents and tour operators are intermediaries who play an important role in promoting and getting business for our hotels. Employees of the organization are key stakeholders that make the brand promise of the organization come alive.

### Listings

The IHCL share is listed on the Stock Exchange, Mumbai, National Stock Exchange of India Ltd, Bangalore Stock Exchange, Chennai Stock Exchange Ltd, Delhi Stock Exchange Association Ltd and the London Stock Exchange

Months	BSE High	BSE Low	NSE High	NSE Low
Apr-04	431.00	380.90	432.00	384.00
May-04	407.00	322.00	424.00	325.00
June-04	415.00	328.00	397.85	321.25
Jul-04	375.00	335.00	372.45	326.40
Aug-04	375.00	336.00	374.90	338.00
Sept-04	443.00	356.25	449.90	351.60
Oct-04	473.00	419.00	474.30	420.00
Nov-04	507.95	468.15	509.00	460.10
Dec-04	580.00	488.25	575.00	489.10
Jan-05	553.00	489.10	554.50	490.00
Feb-05	612.00	539.00	614.95	535.00
Mar-05	693.90	586.10	696.00	590.00

### 2.9f

Refer to the table under 2.8

### 2.9g Other Stakeholders

Other stakeholders of the organization comprises of the key suppliers, local government authorities, community and NGO's through whom we impact our local communities. These have been described in greater details at section 3.9 to 3.10.

## **2.10 Contact Person:**

Mr. K D Deodhar  
Director – Engineering Services  
The Indian Hotels Company Ltd  
Oxford House,  
Apollo Bunder  
Mumbai 400 001  
India  
Tel : 91 22 5665 1000  
[kd.deodhar@tajhotels.com](mailto:kd.deodhar@tajhotels.com)  
Web : [www.tajhotels.com](http://www.tajhotels.com)

## **2.11 Reporting period for the information provided**

For the financial year April 1, 2004 to March 31, 2005

## **2.12 Date of most recent previous report**

This is the first CS Report that we are communicating externally. Our other two reports, for 2002-03 and 2003-04 were not released publicly.

## **2.13 Boundaries of the report**

This report is restricted to the Luxury Hotels Division. We intend to incrementally report other divisions in future reports.

### **2.13.1 Significant changes in size, structure, ownership or products/services that have occurred since the previous report**

Umaid Bhavan Palace, Jodhpur was acquired; an addition to the two palace hotels and also two recently acquired international properties i.e. Taj Exotica Resort & Spa, Mauritius and Taj Denis Island, Seychelles and 51 Buckingham Gate , London , UK (Attached to Crowne Plaza , St. James).

## **2.15 Basis for reporting on joint ventures etc.**

This report has been prepared for a division of IHCL called Taj Luxury Hotels. The TLH Division includes in its ambit Luxury properties both owned, leased or under associate companies. The details of properties under TLH has been provided at table under 2.4

## **2.16 Explanation of the nature and effect of any re-statements of information provided in earlier Reports and the reasons for such re-statements.**

Whilst we have added 4 more properties, the performance reported here does not include them. Hence, there are no major changes.

## 2.17 Decision not to apply GRI principles or protocols in the preparation of the report.

Generally reported as per GRI guidelines 2002

## 2.18 Criteria/definitions used in any accounting for economic, environmental and social costs and benefits

Financial Reports are prepared as per the guidelines provided in Company Law in India. The other acts/regulations applicable to the organization's operations are The Companies Act; Stock Exchange Regulations, The Income Tax Act, Customs and Excise Laws, FEMA, State Sales and Luxury Tax and Excise Laws, Shops and Commercial Establishments Act, Environmental and Zoning Laws, Minimum Wages and Payment of Wages Act, Industrial Dispute Act, Factories Act, Contract Employees Act. Standard definitions used for environmental reporting. Most of these are based on the Indian Accounting Standard. Any social and environmental cost and benefits have not been reported in this report.

## 2.19 Significant changes from previous years in the measurement methods applied to key economic, social and environmental information over the previous year

Our measurement methods have remained the same and there has been no change in measurements methods applied to economic, social and environmental information over the previous year.

## 2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report.

Business systems implemented at Taj provide configurable **security** / access rights. Business systems accessible through the WAN are deployed in a secure network environment. Most of the information management systems deployed across the organization are available on **real time**. Other systems are updated at predetermined regular intervals. Sufficient **data validations** are part-and-parcel of these software packages. Most of the data elements are structured and coded to minimize human errors and assist validations on data entry.

**Reliability** is ensured through daily backups, which are taken for all critical systems and are stored at off-site locations. This ensures minimum time to recover in the event of a disaster and to maintain very high system availability. **Security & Accuracy** of Critical data collection mechanisms such as the guest satisfaction tracking systems are designed with the help of external market research agencies, who also collate and analyze the data, and send reports every quarter. This, coupled with scientific sampling ensures that the data is **reliable**. Periodic audits of the data collection process are conducted to further surface and correct any deviations.

Specific **timelines** are set for generating reports internally, as well as through the different agencies, for the corporate office and adherence to these reports are ensured by the various individuals who own the process.

**Confidentiality** is ensured through the password protection for all electronically generated reports via PMS. Adherence to TCOC also ensures that all employees in the organization practice **integrity** and confidentiality of data and information. Sharing of the information is done only to the concerned users either electronically or in hard copies.

For both hardware and software only world-class systems with proven track records are considered for evaluation. The systems are first tested in a test environment prior to pilot implementation. Deployment across the organization is finalized only after successful pilot implementation and rectification of all teething problems. e.g. Fidelio training which was imparted through online and classroom sessions. Periodic refresher training is also given. User groups are involved in the selection process and their feedback on features, functionality and ease of use are considered before the final choice is made. User training is an integral part of the solution deployment. The training creates user awareness and familiarity

of the systems. User groups are involved in the selection process and their feedback on features; functionality and ease of use are considered before the final choice is made.

To enhance reliability of such information, Quarterly financial audits are conducted by approved auditors for economic and financial reporting. There are some environmental and social audits also that provide assurance on these systems. In addition, the TBEM Assurance process further helps in strengthening the accuracy and completeness of this report.

**2.21 Policy and current practices with regard to providing independent assurance for the full report.**

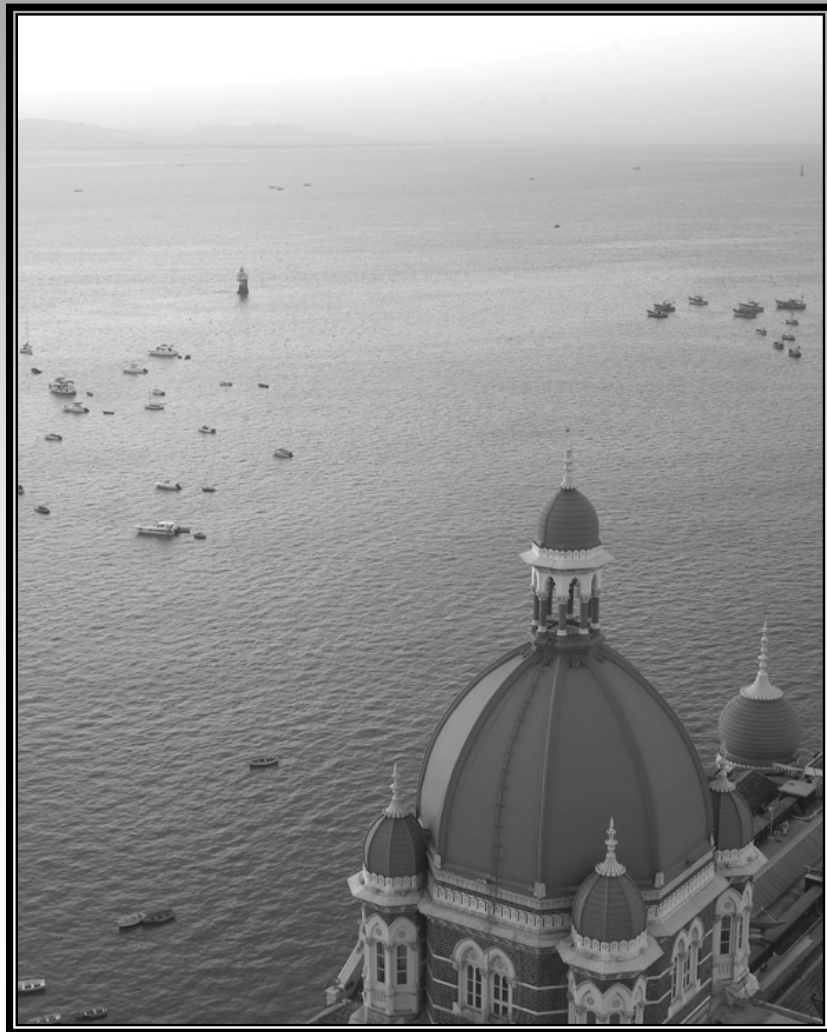
We shall be seeking independent assurance from a reputed organization in our future reports.

**2.22 Report users can obtain additional information by getting in touch with:**

Mr. K D Deodhar  
Director – Engineering Services  
The Indian Hotels Company Ltd  
Oxford House,  
Apollo Bunder  
Mumbai 1  
[Kd.deodhar@tajhotels.com](mailto:Kd.deodhar@tajhotels.com)

Further information on the company can also be obtained from our website : [www.tajhotels.com](http://www.tajhotels.com) .

**Corporate Sustainability Report  
2004-05  
Taj Luxury Hotels**



**Governance Structure  
and Management System**



### **3.1 Governance structure of the organization, including major committees under the Board of Directors that are responsible for setting strategy and for over-sight of the organization.**

IHCL's/Taj's philosophy on Code of Governance : Since inception, the Company has been committed to the founder's (Mr. Jamshedji Tata) lofty ideals of social responsibility, in addition to the Tata values viz. honesty, accountability and compliance with regulatory requirements. This commitment had been reaffirmed decades ago, by way of inclusion of a Clause on Social Responsibility in the Company's Articles of Association. The Company firmly believes that Corporate Governance is an integral part of the Company's fabric and continues to aspire to setting the highest standards of corporate values and ethics, in the process, also greatly enhancing shareholder's value.

The Company continues to comply with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which deals with the compliance of Corporate Governance requirements. The same are detailed below. All the relevant information, as recommended by the Securities and Exchange Board of India (SEBI) /Stock Exchanges, is promptly furnished to the Board from time to time in a structured manner. However, there is no separate committee on the board to discharge the responsibility exclusively for the environmental and social performance.

**3.1.1 The Board of Directors** is headed by a Non – Executive Chairman and comprises Non-executive as well as Executive Directors. Non-executive Directors include Independent Directors, i.e. Directors who apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which, in the judgment of the Board, may affect the independence of judgment of the Director. who comprise over 50% of the Board of Directors. The Directors possess experience in various fields that encompass banking and finance, hoteliering, architecture and the liberal arts. The Board comprises eminent captains of industry and the Company continues to benefit from their contribution at the Board Meetings.

During the year under review, the Board of Directors of the Company met seven times and the time gap between any two meetings did not exceed four months. The dates of the Board Meetings held during each quarter are as follows :

<b>No.</b>	<b>Date of Meeting</b>	<b>For The Quarter</b>
1	20 <sup>th</sup> April, 2004	April to June
2	14 <sup>th</sup> May, 2004	April to June
3	21 <sup>st</sup> May, 2004	April to June
4	20 <sup>th</sup> July, 2004	July to September
5	21 <sup>st</sup> October, 2004	October to December
6	24 <sup>th</sup> January, 2005	January to March
7	9 <sup>th</sup> March, 2005	January to March

The Non-Whole-time Directors of the Company are paid, in addition to commission, sitting fees of Rs. 10,000/- per meeting for attending meetings of the Board of Directors and the Audit Committee. For attending meetings of the Share Transfer / Shareholders / Investor Grievance and Remuneration Committee Meetings, the sitting fees are Rs. 5,000/- per meeting.

None of the Directors of the Board serve as members of more than 10 committees nor are they Chairmen of more than 5 Committees, as per the requirements of the Listing Agreement. "Committees" for this purpose include the Audit Committee, the Shareholders' / Investor Grievance Committee and the

Remuneration Committee, which is a non-mandatory Committee under the said Clause 49 of the Listing Agreement.

1. Mr. Ratan N. Tata : Chairman of Tata Sons Limited, the holding company of the Tata Group is a renowned industrialist, heading one of the largest Indian conglomerates. He holds a B.Sc. (Architecture) degree with Structural Engineering from Cornell University, Ithaca, New York and has completed the Advanced Management Program at Harvard University, U. S. A.
2. Dr. J. J. Bhabha : the founder trustee of the National Centre for the Performing Arts (N. C. P. A. ), which is equipped with the latest state – of – the – art acoustics and seating arrangements. He takes a keen interest in matters relating to art and charity He is a .B. A (Hons), University of Cambridge
3. Mr. N. A. Soonawala : is a Commerce graduate from the University of Bombay and a Chartered Accountant from the Institute of Chartered Accountants of India. He has wide exposure in the field of finance, including having worked with ICICI, Washington. He holds Directorships in key companies and brings immense financial expertise to the Company.
4. Mr. S. K. Kandhari : a Chartered Accountant by profession, he has been rendering valuable advise and opinions on taxation and related financial matters. He is also the Honorary Consul of Grenada.
5. Mr. K. B. Dadiseth : After having successfully led Hindustan Lever Limited as its Chairman, he is currently on the Board of Unilever PLC and has recently been appointed on the International Advisory Board of DaimlerChrysler. He is a Fellow Member of the Institute of Chartered Accountants, England & Wales.
6. Mr. Deepak Parekh : is Chairman of the Housing Development and Finance Corporation Limited (HDFC), India's largest private home loan company, besides being on the Boards of other well – known companies. He too, is a Chartered Accountant from England & Wales. He has had a long and illustrious career in the field of Banking and Finance.
7. Mr. Jagdish Capoor : is a former Deputy Governor of the Reserve Bank of India (RBI) and is currently the Chairman of HDFC Bank Limited. He has a wealth of experience in matters related to banking, finance and forex.
8. Mr. R. K. Krishna Kumar : completed his Masters degree in Arts and was a part of the Tata Administrative Service (TAS) cadre. He was earlier the Managing Director of Tata Tea Limited, before moving to the Company as its Managing Director in 1997. He was appointed as the Non – Executive Vice – Chairman of the Company, on retiring as the Company's Managing Director in July, 2003. He has excellent managerial skills and lends valuable advice for the activities of the Company.
9. Mr. Raymond N. Bickson : studied at the Goethe Institute in Berlin, the Alliance Française in Paris, the Université de Sorbonne in Paris, L'école Hôtelière Lausanne, and Cornell University in New York. He is a graduate of the Advanced Management Program at Harvard Business School in Boston and has extensive language, managerial and hoteliering skills, acquired over thirty years in various luxury hotels throughout Europe, North America, Australia and Asia. Mr. Bickson was the General Manager of The Mark, New York, for fifteen years, formerly the New York flagship of The Rafael Group Hotels and now owned by the Mandarin Oriental Hotel Group and has

several awards to his credit, including one of the “World’s ten Best General Managers. He is presently the Managing Director of the Company.

10. Mr. Tejendra Khanna : has a Masters degree in Science (Physics) from Patna University and an M.A. (Public Administration) from the University of California, Berkely, U. S. A. He was with the Indian Administrative Service (IAS) and has also served as the Lt. Governor and Administrator of the Union Territory of Delhi, the National Capital. He is presently the Chairman of the Board of Directors of Ranbaxy Laboratories Limited, besides holding Directorships on the Boards of Nestle India Limited and Tata AIG General Insurance Company Limited.
11. Mr. Shapoor Mistry : holds a degree in Business & Economics from England. He is the Managing Director of Shapoorji Pallonji & Company Limited, besides being a Director on the Boards of a number of companies and trusts.
12. Mr. M. Valli Moosa : is a former Minister of Tourism and Eco in the Government of South Africa. In addition to a Bachelors degree in Science from the University of Durban – Westville, he also has a degree in Economics from the University of London. He is presently a Non – Executive Director on the Boards of prominent companies viz. South African Airways

Names	Category	No. of outside directorships		No. of outside Committee Positions Held		No. of Board Meetings Attended	AGM
		Indian	Foreign	Member	Chairman		
Mr. R. N. Tata (Chairman)	Promoter Non-executive	13	6	8	-	7	Yes
Dr. J. J. Bhabha	Promoter Non-executive	2	-	-	-	6	Yes
Mr. N. A. Soonawala	Promoter Non-executive	8	-	6	2	7	Yes
Mr. S.K. Kandhari	Non-executive Independent	-	2	-	-	6	Yes
Mr. K. B. Dadiseth	Non-executive Independent	-	2	-	-	-	No
Mr. Deepak Parekh	Non-executive Independent	12	-	2	5	1	No

Mr. Jagdish Capoor	Non-executive Independent	3	-	1	2	5	Yes
Mr. Tejendra Khanna	Non-executive Independent	3	-	1	5	5	No
Mr. Shapoor Mistry	Non-executive Independent	9	-	4	-	4	Yes
Mr. R. K. Krishna Kumar (Vice – Chairman)	Promoter Non-Executive	11	10			7	Yes
▪ Mr. Zubin Dubash	Executive	11	12	5	-	4	Yes
Mr. Raymond N. Bickson	Executive	10	7	2	-	7	Yes
▶ Mr. M. Valli Moosa	Non-executive Independent						

- Part of the year
- ▶ Appointed as Additional Director w.e.f. 24<sup>th</sup> January, 2005

## Committees of the Board

### 3.1.2 AUDIT COMMITTEE:

The Company's Audit Committee consists entirely of Independent Directors. The members of the Committee have the relevant experience in the field of finance, banking and accounting, with a majority of the Members being Chartered Accountants. The Committee has inter alia, the following terms of reference :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries based on the exercise of judgement by the management.

- Qualifications in the draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with Accounting Standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  6. Discussion with internal auditors any significant findings and follow up thereon.
  7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  8. Discussion with external auditors before the audit commences, nature and scope of audit, as well as have post-audit discussion to ascertain any area of concern.
  9. Reviewing the company's financial and risk management policies.
  10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The details of the composition, names of members and Chairman as well as the number of Meetings held and Directors attendance thereat during the year are as follows:

NO.	MEMBERS	ATTENDANCE AT AUDIT COMMITTEE MEETINGS HELD ON				
		21.05.04	19.07.04	20.10.04	24.01.05	10.03.05
1.	Mr. S. K. Kandhari – Chairman	√	√	-	√	√
2.	Mr. Deepak Parekh	-	-	√	-	-
3.	Mr. Jagdish Capoor	√	√	√	√	√

The Committee met five times during the period under review.

### 3.1.3 REMUNERATION COMMITTEE

The Listing Agreement with the Stock Exchanges provides that a Company may appoint a Committee for recommending managerial remuneration payable to the Directors. The Company has in place a

Remuneration Committee for the said purpose. The main function of the said Committee is to determine the remuneration payable to the Whole-time Directors.

The Chairman of the Remuneration Committee was present at the last Annual General Meeting of the Company. The Committee met once during the year.

<b>NO.</b>	<b>MEMBERS</b>	<b>ATTENDANCE AT REMUNERATION COMMITTEE MEETING HELD ON 21.05.04</b>
1.	Mr. Jagdish Capoor - Chairman	√
2.	Mr. R. N. Tata	√
3.	Mr. N. A. Soonawala	√
4.	Mr. R. K. Krishna Kumar	APPOINTED AT THE MEETING

### **Remuneration Policy**

The remuneration of the whole-time Director(s)/ appointee(s) is decided by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, performance/ track record of the whole-time Director(s)/ appointee(s), etc and is reported to the Board of Directors. Remuneration comprises a Fixed Component viz. salary, perquisites and allowances and a Variable component viz. commission. The Remuneration Committee also decides the annual increments (which are effective 1<sup>st</sup> April annually) within the salary scale approved by the Members as also the Commission payable to the whole-time Directors on determination of profits for the financial year, within the ceilings on net profits prescribed under Sections 198 and 309 of the Companies Act, 1956.

The commission to Non Executive Directors is decided by the Board and is distributed based on a number of factors, including number of Board and Committee meetings attended, individual contribution thereat etc.

### **3.1.4 SHARE TRANSFER & SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE**

The Share Transfer & Shareholders/Investor Grievance Committee with necessary powers to carry out the handling shareholders / investor grievances. The brief terms of reference of the Committee include redressing shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc.

The Committee met thrice during the period under review.

<b>NO.</b>	<b>MEMBERS</b>	<b>ATTENDANCE AT COMMITTEE MEETINGS HELD ON</b>		
		<b>17.05.04</b>	<b>12.10.04</b>	<b>20.01.05</b>
1.	Mr. N. A. Soonawala - Chairman	√	√	√
2.	Mr. R. K. Krishna Kumar	√	√	√
3.	Mr. Zubin Dubash	√	-	-
4.	Mr. Raymond N. Bickson	√	√	√

Share transfers are processed weekly and approved by the Committee. Investor grievances are placed before the Committee. There were no pending investor complaints not solved to the satisfaction of the Members by the Committee. All share transfers lodged up to 31<sup>st</sup> March, 2005 have been processed by the Committee. The status of the complaints received from shareholders from 01.04.04 to 31.03.05 is as under:

<b>Complaints received</b>	<b>Pending as on 31.03.05</b>
5	NIL

As per the provisions of Section 205A read with Section 205C of the Act, the Company is required to transfer unpaid dividends, matured deposits, redeemed debentures and interest accrued thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government. No claims will lie against the Company or the IEPF in respect of the said unclaimed amounts transferred to the Fund.

### **3.1.5 DISCLOSURES**

The Board of Directors receive from time to time disclosures relating to financial and commercial transactions from key managerial personnel of the Company where they and / or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

The Company has complied with the requirements of the Stock Exchanges / Securities and Exchange Board of India / statutory authorities on all matters relating to capital markets, during the last 3 years.

Disclosures from key managerial personnel of the Company relating to transactions, if any, between them and /or their relatives are regularly placed before the Board of Directors.

### **3.1.6 MEANS OF COMMUNICATION**

Quarterly, half-yearly and annual results of the Company were published in leading English and vernacular newspapers viz. Indian Express and Loksatta. Further, Notice and Results of the Postal Ballot were published in Indian Express and Loksatta. Additionally, the results and other important information is also periodically updated on the Company's web site viz. [www.tajhotels.com](http://www.tajhotels.com). Further, the Company also holds an Analysts' Meet after the quarterly, half-yearly and Annual Accounts have been adopted by the Board of Directors, where information is disseminated and analysed. Moreover, the Company also gives important Press Releases from time to time.

Further, it is mandatory for listed companies to file information through the internet on their web site <http://www.sebiedifar.nic.in/> vide Electronic Data Information and Retrieval System (EDIFAR) which is an automated system for filing, retrieval and dissemination of time – sensitive corporate information. The Company has been regularly filing information such as full version of the annual report including the balance sheet, profit and loss account, director's report and auditor's report; cash flow statements; half yearly financial statements, quarterly financial statements, Corporate Governance report, shareholding pattern etc. on the site.

Managements Discussion and Analysis forms part of the Annual Report.

### **3.2 Percentage of the Board of Directors that are independent, Non-Executive Directors**

Over half of the Directors of the Board of Directors comprise “Independent Directors”. Independent Directors who apart from receiving Directors’ remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which, in the judgment of the Board, may affect the independence of judgment of the Director. The Board also comprises Directors who though non - independent, are non - executive. These are so categorized since they belong to the promoter group. Thus, the total number of Directors on the Board of The Indian Hotels Company Limited as on 31<sup>st</sup> March, 2005, were 12, out of which 6 were Independent Directors. This is further illustrated in the Table at pg. No.\_.

### **3.3 Process for determining the expertise board members need to guide the strategic direction of the organization, including issues related to environmental and social risks and opportunities.**

The Board has a Managing Director who looks after the day-to-day affairs of the Company along with his team of dedicated full time executives. The Board also consists of Non-executive Directors, having diverse backgrounds that vary from banking and finance, to hoteliering to architecture and the liberal arts. The Directors are prominent persons who are not only erudite, but also have extensive experience in the fields of accounting, general management and marketing. The Company has gained immensely from their wise counsels at the Board Meetings. However, there is no defined criteria or policy for determining the expertise / qualification for becoming a Board Member or with a view to provide strategic direction as regards environmental and social risks and opportunities.

### **3.4 Board-level processes for over seeing the organization’s identification & management of economic, environmental, and social risks and opportunities.**

Whilst there are no defined Board – level processes, the agenda papers (more particularly the Operations Report) are sent in advance to all the Board Members before meeting for review, comments and suggestions during the meeting. The Board periodically reviews compliance risks, which include economic, environment and social risks.

### **3.5 Linkage between executive compensation and achievement of the organisation’s financial and non-financial goals**

The Executive Committee decides the increase in remuneration based on the Company's performance and individual performance, reviewed and recommended by Apex Committee.

### **3.6 Organizational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies.**

Oversight of the company’s economic, environmental and social policies and programmes is in the domain of Board processes and provided by the Board as a whole, through committees and by individual Directors as described at sections 3. 1 to 3.5 above.

The implementation of economic, environmental and social policies falls within the domain of Management. Management is effected through a hierarchy of various council.



With a view to institute systems for review of the control environment, effective deployment of economic, environment and social policies and for system improvement, IHCL has several audit processes both internal and external.

The internal financial audit process is headed by Ms. Simi Kumar Chawla, V.P. Internal Audit and she reports to the CEO and the Audit Committee.

The External Financial Auditors are NMR and SBB who are appointed by the Shareholders in the AGM, on recommendations of the Audit Committee and the Board.

In addition, IHCL at its ISO 14001 certified units has quarterly internal audits by certified lead auditors and 6 monthly external surveillance audits, by M/s. LRQA.

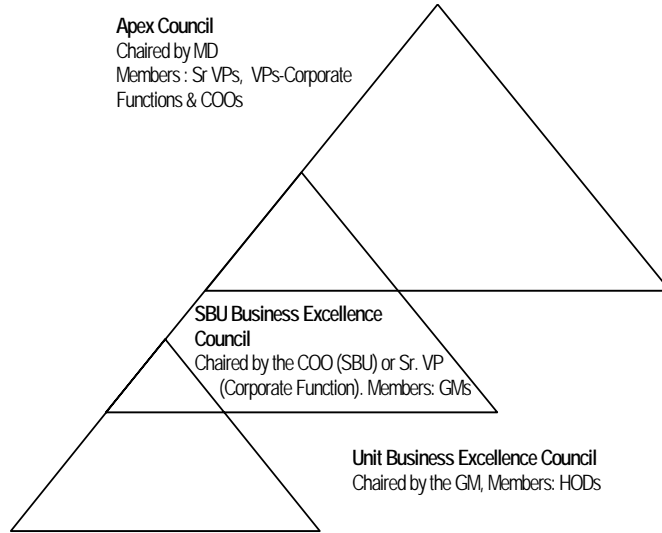
In addition to the above, IHCL conducts on a need based basis, third party energy audits to identify the improvement opportunities.

The Environment related audits are co-ordinated by the Mr K.D. Deodhar, Director (Engg. Services) of IHCL, who reports to Sr. V.P. & COO.

As regards audit of deployment of social policies, the responsibility lies with Asst. Manager, H. R. (Social), who reports to V.P. (HR). The principal social audits include safety audits for which AIG Operations Risk Management Group's services is sought. Further, Management of Business Ethics Audits are conducted once every year by an independent third party. –

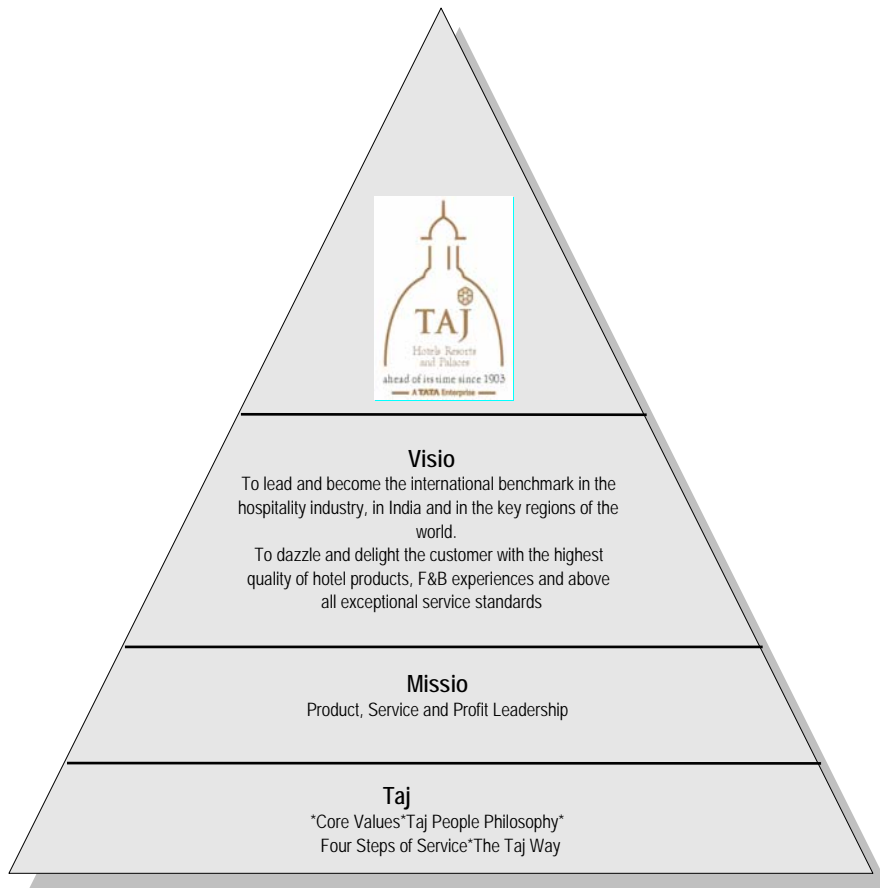
Finally, IHCL being a BE-BP signatory has adopted the TBEM and applies for the JRD-QV annual award. This involves an assessment of its Approach – Deployment and Results across categories like Leadership, Strategic Planning, Customer and Market Focus, HR Focus, Information Analysis and Knowledge Management, Value Creation and Support Processes. This external assessment carried out by TQMS Assessors provides an independent and integrated perspective on implementation of economic, environmental and social policies. TBEM plays three important supportive roles in strengthening competitiveness of Tata organisations by helping them improve organisational performance and business excellence practices, capabilities and results and also facilitate communication and sharing of best practices informations among Tata organisations of all types, it also serves as a working tool for understanding and managing performance for providing guidance for planning and identifications of opportunities for learning and improvement. The TBEM related activities are headed by Head Business Excellence at IHCL, who report to Managing Director.

### OP 9a - Business Excellence Structure at TLH



(Fig. III-5)

### 3.7 Mission & Value Statements, internally developed codes of conduct or principles and policies relevant to economic, environmental & social performance and the status of implementation



## **Customers, Workforce, Suppliers, Community, Shareholders, Nation**

### *Taj Essentials for Excellence - Triangle*

*To lead and become the international benchmark in the hospitality industry, in India and in the key regions of the world. To dazzle and delight the customer with the highest quality of hotel products, food and beverage experiences, and, above all, exceptional service standards.*

*Mission: Product, Service and Profit Leadership*

*Taj Core Values: Courage, Excellence, Integrity, Teamwork, Reliability, Respect and concern for others, Environment and community commitment*

*Internally developed Code of Conduct: IHCL follows the Tata Code of Conduct*

### **Human Resource Policy:**

#### *Taj People Philosophy*

*You are an important member of the Taj family. We endeavour to select, retain and compensate the best talent in the industry. We reward and recognize quality customer care based upon individual and team performance. We commit to providing you with opportunities for continuous learning and development.*

*We abide by fair and just policies that ensure your well-being and that of your family, the community and the environment. We commit to regular and formal channels of communication, which nurture openness and transparency.*

*We strongly believe that you are the Taj.*

**Corporate Environment Policy:**

*The Taj Group of Hotels is committed to protect, conserve and restore our natural environment for the benefit of our present and future generations. Towards this end it shall endeavor to:*

- a) Set sound environmental objectives and targets, inculcate the principles of ethics, transparency, sensitivity and responsiveness in reporting environmental performance and integrate a process of review, as essential part of the environmental initiatives of the Group.*
- b) Comply with all applicable environmental laws, statutes and regulations.*
- c) Build, manage and maintain hotels, catering services and allied services to operate more efficiently, and profitably using fewer resources and generating minimal waste.*
- d) Continuously improve environmental performance and reduce environmental impact of our activities.*
- e) Committed to sustainable development, and report sustainability performance based on GRI guidelines.*
- f) Create environmental awareness among our employees, customers, suppliers and community at large.*
- g) This policy should be applicable to all facilities owned, managed and run by the Taj Group of Hotels.*

**Sexual Harassment Policy**

*At the Taj, we have zero-tolerance for sexual harassment. We value every single employee working at the Taj Group and wish to protect their dignity. In so doing, we are determined to promote a working environment in which persons of both sexes work compliment each other as equals in an environment that encourages maximum productivity.*

*Behaviour that has been defined as inappropriate by The Taj Sexual Harassment Policy whether physical verbal, written, graphic emotional or through gestures that offend intentionally or not, the dignity and morality of a person to which the behaviour is directed by fellow employees, supervisors, customers and, suppliers will be considered sexual harassment and invite serious disciplinary action.*

*The Taj Sexual Harassment Policy Covers every employee across the Group- permanent, temporary, on training and on contract. The Company encourages every employee who believes they are sexually harassed to use the Redress System that has been laid down.*

*We at the Taj Group are committed to giving every employee a just and fair hearing on issues that are raised on sexual harassment. The Company will take very serious disciplinary action against any victimisation of the complainant or the alleged harasser that may result from a complaint.*

*(Table III-7)*

### **Affirmative Action**

*Being a TATA company, the Taj group of hotels has an ingrained sense of Community Responsibility and an equal opportunities employer. Being a part of the hotel industry, IHCL has a multi faceted opportunity of affirmative action for the disadvantaged by not merely having ST/SC people as employees but works towards giving them a chance to prove themselves through their merit. Several program are run keeping in mind the special needs of this key community.*

*Our intervention in making their lives better is not restricted to just employing them but also training them, to increase their competencies or donating in cash or kind as and when the necessity arises. Also if not directly, then we try and influence the earning in our capacity as the leading group of Hotels in India, by either providing them with place to display their handicrafts, or purchasing their products or simply trying and getting them employment.*

### **HIV/AIDs Policy**

*HIV/AIDS Policy: -*

Being a TATA Company, the organisation has a well formulated policy guideline to address the matter of employees diagnosed with HIV+, Aids or leprosy.

### **3.8 Mechanisms for shareholders to provide recommendations or direction to the Board of Directors.**

The proceedings at the Company's Annual General Meetings are recorded by way of minutes of the Meeting. These include the suggestions, comments and feedback from the shareholders. The concerns of shareholders are discussed in the Board Meeting and after prioritisation of these concerns, management integrates the same in business decisions. Additionally, investors are also free to air their grievances which are reviewed by and appropriate action is recommended by the Shareholder / Investor Grievance Committee. Any complaint is replied to within 48 hours. There are Annual General Meetings where shareholders come together and discuss and approve the accounts. Analysts Meet and informal meetings with investors are also held periodically.

### **STAKEHOLDER ENGAGEMENT**

### **3.9 Basis for identification and selection of major stakeholders. –**

*Our Purpose in Tata is to improve the quality of life of the communities we serve. We do this through leadership in sectors of economic significance to which the group brings a unique set of capabilities. This requires us to grow aggressively in focused areas of business.*

*Our heritage of returning to society what we earn evokes Trust among consumers, employees, shareholders and the community. This heritage will be continuously enriched by formalizing the high standards of behaviour expected from employees and companies.*

*The Tata name is a unique asset representing **Leadership with Trust**. Leveraging this asset to enhance Group Synergy and become globally competitive is the route to sustained growth and long and term success.*

(Table III-8)

*The Group Purpose identifies certain stakeholders as central to the attainment of Corporate Objectives and in line with the Group Purpose, Taj has identified Shareholder Value, Customer Value, Employee Value & Stakeholder Value as the Key success factors based on key issues identified. This forms the basis for identification of stakeholder groups. Further, from a differentiated engagement perspective, each stakeholder group is segmented.*

### **Providers of Capital Shareholders and Lenders**

The providers of capital are broadly classified based on the nature of involvement/exposure, level of involvement/exposure and their attributes into Promoters, Institutional Shareholders, Retail shareholders, Institutional Lenders and retail lenders. .

### **Employees**

*Employees are segmented further as those who qualify as Bargainable Category and those that are not bargainable. The basis here is predominantly the legal framework which defines certain categories of employees as eligible for collective bargaining setting up institutions or those who can form unions.*

*Trade unions are another important stakeholder in the Luxury SBU:*

<i>Units</i>	<i>Trade Unions</i>
<i>Taj Mahal, Mumbai</i>	<i>Internal Union</i>
<i>Taj Lands End, Mumbai</i>	<i>Internal Union</i>
<i>Taj Krishna, Hyderabad</i>	<i>Internal Union</i>
<i>Rambaug</i>	<i>Internal Union</i>
<i>Lake Palace Udaipur</i>	<i>Internal Union</i>
<i>Taj Mahal, Delhi</i>	<i>Internal Union</i>
<i>Taj Palace, Delhi</i>	<i>Internal Union</i>
<i>Taj West End, Bangalore</i>	<i>CITU</i>
<i>Taj Coromandel, Chennai</i>	<i>Hind Mazdoor Sabha</i>
<i>Taj Bengal, Kolkata</i>	<i>Internal Union</i>

(Table III-9)

## Key Customer Groups and Market segments

Rooms Segmentation: There are 7 main market segments. Their requirements, are shown in the figure below

These segments have been arrived at by using the international norm of using “purpose of visit” to segment customers. These segments are further classified into sub-segments for the purpose of targeting customer groups.

ROOMS	Customer Segment *	Definition	Common Requirements	Unique / Critical Requirements
	Corporate 55%	Individual Business travelers who travel to the city and stay at a hotel for a duration lesser than 10 nights at a stretch.	Efficient, warm & personalized service, Value for money, Security, Quality of F&B, Luxurious & Comfortable Rooms, Cleanliness & Hygiene, Laundry, In-room dining, Travel services, Telecommunication Services, Health Club & Spa	Business centre facilities, high speed internet connectivity
	Longstayer 12%	Individual travelers who travel to the city and stay at a hotel for a duration of more than 10 nights at a stretch.		Customized product & service offering
	Conferences 7%	Groups of individual travelers visiting the hotel for attending a conference organized in any of the conference halls at the hotel.		Superior range of conferencing facilities
	Events 6%	Groups of individual travelers visiting the hotel and staying at a hotel together to attend a function held in the city.		
	Groups 5%	Inbound foreign leisure travelers visiting as part of a group.		
	Leisure 11%	Free individual Leisure traveler who travel to the city and stay at a hotel for a duration lesser than 10 nights at a stretch.		Entertainment & recreational facility, Range of F&B
	Crew 4%	Airline crew		Recreational facility & peace & quite
<b>Rooms customer Segmentation</b>				
<b>* Proportion of business from each segment differs across hotels</b>				

*The basis of selection of customers is related to key product groups viz. rooms, restaurants and conferencing / banqueting facilities. For the rooms division, the key customer group is the Corporate FIT; for restaurants, it's both resident and non-resident guests and for conferences, the key customer segment is the corporate customer. The basis of selection within each product group is driven by the volume of business that each segment contributes to that product group.*

**Basis for identification and selection of Suppliers :** The Taj Group's procurement activities are driven by what we call the 'CQD Objectives' i.e. Cost, Quality and Delivery. Our procurement strategies and engagement process designs are tailored to meet these three simple objectives. In the hotel industry, a lot of our inputs are strategically critical to us because they are served with little processing or value-addition

by us to our guests e.g. products like shampoos and towels.. Our supplier segmentation strategy, based on this premise coupled with the overall CQD Objective, is depicted in the matrix given below:

<b>V O L U M E</b>	<i>High Volume, Low Strategic Importance</i>	<b>High Volume, High Strategic Importance</b>
	1. Negotiate centrally with national level vendors through annual tender process	1. Negotiate centrally with national level vendors with the ultimate aim of establishing partnerships with cost-plus approach 2. Work with partners for cost management
<b>M E</b>	<i>Low Strategic Importance and low Volume</i>	<b>High Strategic Importance but Low Volume</b>
	1. Negotiate regionally	1. Negotiate centrally with national level vendors with the ultimate aim of establishing partnerships with cost-plus approach
<b>STRATEGIC IMPORTANCE</b>		

(Table III-10)

### Community

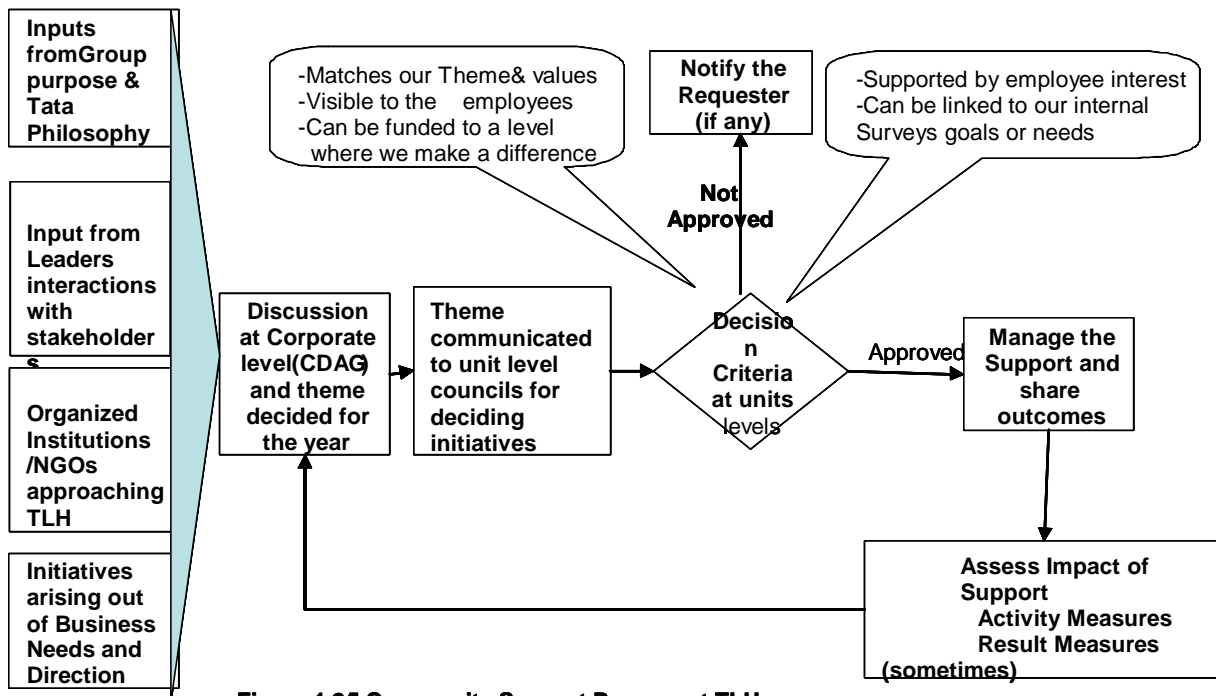


Figure 1.25 Community Support Process at TLH



(Table III-11)

*The identification of Key communities is derived from the Group Purpose, the National Interest Code and the realization that in a developing economy, the citizenship of a large corporation is not limited to managing impacts on the community but involves proactively engaging with the society at large to facilitate a desired and accepted course of development. This in effect requires IHCL – TLH to define its key community as those that are impacted by its operations particularly the local community and also those that are at the centre of larger national concerns.*

### **Regulators**

The basis for identification of regulators are the various regulatory requirements as per the legal framework in which IHCL – TLH. The regulatory environment applicable to TLH includes:

Organization Level	The Companies Act/Stock Exchange Regulations
	The Income Tax Act
	Customs and Excise Laws
	FEMA
Unit Level	State Sales and Luxury Tax and Excise Laws
	Shops and Commercial Establishments Act
	Environmental and Zoning Laws
Employee Protection	Minimum Wages & Payment of Wages Act
	Industrial Disputes Act
	Factories Act
	Contract Employees Act

(Table III-12)

Accordingly, the Key regulators include Factories Inspector, labour Commissioner, Pollution Control Board, Municipal Corporations/Regional Development Authorities, SEBI and Tax Authorities.

Moreover, since TLH has its operations at two locations in heritage structures and at other places in the vicinity of world heritage sites, Archeological Survey of India is an important stakeholder.

### **3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group.**

**Guests :** The nature of the hospitality business ensures direct contact with the end customer every day. This contact happens at an informal level where hotel staff interact with guests either during their stay or while they enjoy a meal at the restaurant. It happens in more formal ways through instruments such as the GSTS/RSTS/CBSTS that capture guest experiences and requirements. In addition, the sales force is in daily contact with corporate organizations to understand their issues through face-to-face contact. Reports

generated out of this contact are maintained for records. When new products are launched, structured market research studies in the form of focus groups and other forms of market research are undertaken to under issues that matter to customers.

### Providers of Capital

The providers of capital are engaged through various mechanisms that include:

- Annual General Meetings: Annual
- By means of a Postal Ballot As per requirement
- Quarterly, half –yearly & Annual Results in leading newspapers As per plan
- Updating major shareholders (LIC, UTI) in meets;
- Shareholder Relations; Meets, Investors Survey Periodic
- Lender meets for institutional lenders which is periodic

### Social

Corporate Citizenship Volunteers of the company interact with the local community. This interaction is the only mechanism to engage local community. Concerns when voiced are immediately addressed.

**Approaches to supplier consultation** There are three levels of supplier information gathering and consultation. One is through the annual Request For Information (RFI), which gives us information of the potential and existing suppliers.

The second is through across-the-table meetings with suppliers that are conducted at the hotel level, which are primarily designed to address specific issues. These are, therefore, need-based but in some hotels they conduct these meetings irrespective of whether there are any specific issues. In the current year we are making supplier consultation mandatory every month.

The third is through Supplier Satisfaction Surveys done annually.

Of course, there is a fourth informal category whereby suppliers are consulted on need-basis for new product developments, particularly for products which are high on the strategic importance parameter.

### Employees

The mechanisms to engage employees includes:

Method	Frequency	Use and Application of Data
<b>Internal Methods</b>		
Departmental Meetings and Briefings	Daily/ Weekly	Issues of employee concern evolve out of these meetings. It also is a dip-stick indicator of overall morale of the employees
Absenteeism Analysis	Half Yearly	Causes for absenteeism are indicators of hygiene and motivating factors for employees.
Exit Interview Analysis; Turnover Analysis	Half Yearly	Provides information on factors affecting motivation and retention of employees. It also is an indicator of employee satisfaction.

Method	Frequency	Use and Application of Data
Dialog: Monthly Conferencing	Video Monthly	Conducted by Managing Director, alongwith Senior Mgmt team and various hotel teams. To share information and debate on company initiatives (normally one critical)
Union Meetings	Committee Monthly	The union committee acts as an intermediary between the employees and the management to highlight the satisfiers and indication of levels of satisfaction.
Grievance Analysis	Monthly	An analysis of grievance gives an indication of matters that are causes of dissatisfaction.
ESTS	Quarterly	Provides in a systematic manner the factors of satisfaction and levels of satisfaction on these factors.
Socio-Economic Survey	Once in three years	This survey gave insights into the socio-economic background of the employees and thus highlighted some of the factors that could be motivators for the employees.
<b>External Methods</b>		
Workplace Audit by Gallup MBA	Yearly	Provides in a systematic manner the factors of satisfaction and levels of satisfaction on these factors.

(Table III-13)

### Regulators

Regulators are engaged on an as needed basis. There is no comprehensive plan to engage regulators on a periodic schedule.

### 3.11 Type of information generated by stakeholder consultation

**Type of information generated by guest consultation :** The nature of information generated typically takes three forms. The first is in the form of satisfaction ratings that are evaluated on a 5-point scale ranging from Excellent to Poor. This gives us an indication of guest perceptions regarding our products and services. The second is in the form of comments that guests make or write regarding their positive and adverse reactions. This gives us an insight into specific issues that matter to our customers. The third is in form of detailed market studies that are conducted. This provides us with insights on what customers value in new product offerings as well as larger issues that have an overall bearing on the brand.

**Type of information generated by supplier consultation :** The Request For Information (RFI) not only generates basic information about the suppliers but also seeks to establish the business model of each vendor.

The across-the-table hotel level consultations try to generate information for resolution of issues related to the CQD objectives.

The Supplier Satisfaction Surveys aim to generate information about the perception of the Taj in the minds of the suppliers on every point of engagement between them and us, starting from the first step of negotiations and upto final payment for goods and services delivered.

### **Type information generated by employees**

The various types of information generated by employees through various engagement mechanisms has been indicated at the table III-13 above. Further, engagement of Trade Unions as described in the social section, supplements this information and enables development of plans to energize and motivate the workforce.

### **Type of information generated through engagement of Providers of Capital**

The information generated by Providers of capital focuses predominantly on expectation of returns on capital, issues pertaining to stewardship of assets, risk mitigation measures, grievances pertaining to information availability and on transfer of shares.

### **3.12 Use of information resulting from stakeholder engagements**

The feedback from various stakeholders provides specific inputs to development of appropriate improvement programmes and action plans. A comprehensive analysis and synthesis based on information gathered from these engagement mechanisms and other macro-environment related information enables IHCL to prepare a strategic map and the detailed short, medium and long term strategic plan.

Feedback **from customer satisfaction instruments** are used daily at hotels to make corrections in products/services and also to effect service recovery. Feedback from other sources is used to identify product/service features that need to be introduced in order to enhance the value perception of our guests. Information gathered from Investor surveys is also similarly used. A summary of source of information and its use is provided in the table here below.

Source of Information	How it is used
GSTS / RSTS / CBSTS	Comments on GSTS / RSTS / CBSTS cards are aggregated across the division to cull out key themes. Fair and Poor scores on GSTS / RSTS are investigated in detail as they reflect a shortfall in meeting customer expectations. Individual hotels identify and rectify problem areas that have the most significant impact on customer loyalty. Customer satisfaction reports provide information on key areas that have the maximum impact on customer loyalty
Sales Force Feedback including feedback to relationship managers	Emerging trends based on market feedback. This also provides feedback on competitors and their offering. Lost customers are individually tracked to determine reasons for the customer moving away. Relationship managers provide feedback on needs of key accounts. This is flagged and becomes a key priority for improving our product and service offering and for product development.
Front Line Feedback	Frontline employees who interact with guests capture unique guest preferences, which are then entered into the CIS. This ensures that preferences pertaining to key product and service features for individual customers are always delivered. This forms the basis for personalized and customized service which has a significant impact on customer loyalty
International Benchmarking Visits	This helps in capturing the latest trends in product and service features in leading hotels internationally. Used extensively for product development.
International Publications / Internet	International travel trade publications such as Conde Nast Traveler, Hotel & Caterer etc. provide us with rich information on the latest trends in hospitality. These magazines are regularly scanned by the marketing department and information is used for product development and marketing
Guest Complaint Data	Aggregation at the hotel and the division levels provides insights into what really bothers our guests. This information is then used for product / service planning and making improvements
Reports from Hospitality Consultants	Provides us with information on key destinations for purposes of business development.
Feedback from travel agents and tour operators	Used to improve product / service quality and marketing. Tour leaders reports provide valued feedback on the expectations of the end customer as well as the specific needs of the tour operators themselves.
Specially commissioned market research	Used as input for the design new products / services. Helps in identifying features that are key to customer purchase / loyalty.
GDS Feedback	Helps in understanding the requirements of specific GDS companies.

(Table-14)

**Use of information resulting from supplier engagement :** The information gathered from the RFIs is primarily used in the negotiations and supplier selection process. The information gathered from the across-the-table hotel level interactions is used to improve the supplier and/or hotel's performance of the contractual obligations.

The Supplier Satisfaction Reports are used to mitigate supplier grievances and also track improvements in our supplier engagements. The principal parameters on which feedback is sought include Product Quality, Packaging, Timely Delivery, Vendor responsiveness and ease of the 'order-to-delivery' process.

The type of information generated by **employee engagement** and use of this information has been indicated at table --- above.

**Regulators** provide feedback on compliance status, potential changes in regulatory requirements, areas for improvement and also engage IHCL-TLH officials in development of appropriate regulatory framework. The feedback is used to develop improvement plans, ensure compliance and go beyond compliance requirements.

### **3.13 Explanation of whether and how the precautionary approach or principle is addressed in the organisation**

The national interest code (included at Annex A) outlines the broad approach in the statement "*It shall not undertake any project or activity to the detriment of the Nation's interests or those that will have any adverse impact on the social and cultural life patterns of its citizens*".

The principle is deployed through Environment Impact Assessments (EIA) in new projects in case of new projects, is enabled through safety audits and risk assessments.

In the reporting period, EIA was conducted for our new property, Wellington Mews at Mumbai. Two other EIA's were conducted for the renovation of our properties at Taj West and ITPL, both at Bangalore.

### **3.14 Externally developed, voluntary economic, environmental and social charters, sets of principles or other initiatives to which the organisation subscribes or which it endorses**

The Company is a member of The International Hotels Environment Initiatives, IHEI is a programme of The Prince of Wales Business Leaders forum. IHEI have a set of guidelines on environment and community development, their magazines, periodicals do inform us on the various developments in field of environment in other countries and it keeps us updated on the subject.

IHCL is a signatory to the Tata Code of conduct (included at Annex A) which commits it to adhere to values and standards pertaining amongst others to National Interest, Regulatory Compliance, Financial Reporting, Competition, Equal Opportunities, Bribery and Corruption, Political Contributions, Corporate Citizenship, Safety, Health and Environment and Quality of Products and services.

**The Tata Group is committed to follow and promote the United Nations "Global Compact". The principles of the Global Compact are enshrined in the Tata Business Excellence Model (TBEM), the Tata Group Business Values and the Tata Council for Community Initiatives (TCCI).**

The UN Secretary General Mr. Kofi Annan, announced the Global Compact in January 1999 at the World Economic Forum in Davos, Switzerland. The purpose of the Compact was to establish a partnership between the developmental agencies and the corporate sector to address the issues of globalization.

**Ten Principles of the UN Global Compact**

**Human Rights**

- 1) Businesses should support and respect the protection of internationally proclaimed human rights.
- 2) Make sure they are not complicit in human rights abuses.

**Labour Standards**

- 3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4) The elimination of all forms of forced and compulsory labour.
- 5) The effective abolition of child labour.
- 6) Eliminate discrimination in respect of employment and occupation.

**Environment**

- 7) Businesses should support a precautionary approach to environmental challenges.
- 8) Undertake initiatives to promote greater environmental responsibility.
- 9) Encourage the development and diffusion of environmentally friendly technologies.

**10) Corruption**

Work against corruption in all its forms, including extortion and bribery.

(Table III-15)

IHCL complies with the ten principles of the Global Compact. Our assessment progress is attached below:

**3.15 Principal memberships in industry and business associations and / or national / international advocacy organizations –**

**REGULATORY**

Mumbai Stock Exchange  
Madras Stock Exchange  
REUTERS

**INDUSTRIAL ASSOCIATIONS**

The All India Association of Industries  
Associated Chamber of Commerce  
Indo Canadian Business Council  
Indo German Chamber of Commerce  
Indo French Chamber of Commerce  
Indo Australian Chamber of Commerce  
Indo American Chambers of Commerce  
Indo Arab Chamber of Commerce  
Indo African chambers of Commerce  
Indo- Belgian Chamber of Commerce  
Confederation of Indian Industries

## **COMMUNICATION ON PROGRESS**

### **UN Global Compact**

The UN Global Compact was introduced on 31 January 1999, when UN Secretary General Kofi Annan challenged business leaders to join an international initiative that would bring companies together with UN agencies, labour and civil society to support nine principles in the areas of human rights, labour and the environment. A tenth principle, *Work against Corruption*, was added when the Global Compact's operational phase was launched on 24 June 2004.

The Global Compact seeks to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalisation. In this way, the private sector can help realize the Secretary General's vision for a more sustainable and inclusive global economy of labour standards.

IHCL has been a signatory to the Global Compact since 2001. We believe that being a good corporate citizen significantly enriches our corporate purpose.

At all times, our businesses are conducted in compliance with local statutory requirements, our Core Values as well as the values expressed in our Tata Code of Conduct.

To see how we are progressing against the principles outlined in the Global Compact, please refer to our Global Compact Progress Assessment.

This progress assessment represents our judgement of how the principles of the Global Compact have been implemented through our policies and actions during the year. Please refer to the items highlighted below for a more detailed description of our performance in relation to the related Global Compact principle.

If you would like further information in relation to this assessment, please contact us.

### **Global Compact Progress Assessment**

*How we implement the ten principles of the Global Compact*



GLOBAL COMPACT PRINCIPLES	IHCL CODES OF CONDUCT , POLICIES & SYSTEMS	IHCL PRACTICES , MEASURES & CASE STUDIES
<p><b>Human Rights</b></p> <p><b>Principle 1:</b> Support and respect the protection of international human rights within their sphere of influence;</p> <p><b>Principle 2:</b> make sure their own corporations are not complicit in human rights abuses.</p>	<p>Tata Code of Conduct Service Level Agreements United Nations Universal Declaration of Human Rights ILO Conventions National and Local Legislative Requirements</p>	<p><b>Social Performance-Human Rights</b> Adherence to clauses on National Interest, Regulatory Compliance and Ethical Conduct. No concerns reported for any employee.</p> <p><b>Service Level Agreement</b> Required to respect national and local legislative requirements with reference to payment of wages, insurance, provident fund, etc. Contractor audits conducted onsite and offsite regularly. Immediate action taken on non-compliance.</p>
<p><b>Labor Standards</b></p> <p><b>Principle 3:</b> Freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>Tata Code of Conduct Collective Bargaining Agreement with external and internal unions</p>	<p><b>Social Performance-Freedom of Association &amp; Collective Bargaining</b> Tata Code of Conduct requires adherence to clause on National Interest which enjoins the organization to respect all ILO Conventions and Indian Trade Union Act</p> <p><b>Social Performance-Labour Relations &amp; Management</b></p> <p>Over 90% of bargainable employees covered by collective bargaining agreements. Of these, 14.28% affiliated to external unions and 85.72% to</p>

		<p>internal unions.</p> <p>No strikes at any property due to effective collective representation.</p> <p><b>Case Study: Mr. PP Saher, Union Leader</b></p>
<p><b>Principle 4:</b> The elimination of all forms of forced and compulsory labour;</p> <p><b>Principle 5:</b> The effective abolition of child labour;</p>	<p>Tata Code of Conduct Service Level Agreement National and Local Legislative Requirements</p>	<p><b>Social Performance- Child Labour and Forced &amp; Compulsory Labour</b></p> <p>Tata Code of Conduct requires adherence to clause on Regulatory Compliance that necessitates compliance with all applicable legislations, including non-employment of child labour and forced &amp; compulsory labour.</p> <p>Youngest employees in the organization are 18 years old who join as Trainees in various divisions.</p> <p><b>Service Level Agreement</b> Requires all suppliers and contractors to reach determined standards of service, including ensuring non-employment of any person below the age of 18 years and to obtain proof of age of all employees.</p>

<p><b>Principle 6:</b> The elimination of discrimination in respect of employment and occupation.</p>	<p>Tata Code of Conduct Taj People Philosophy Sexual Harassment Policy Statement on Affirmative Action</p>	<p><b>Social Performance-Diversity &amp; Opportunity and Non-discrimination</b></p> <p>Equal Opportunity clause of Tata Code of Conduct requires organization to provide equal opportunity to all prospective employees as well as not to discriminate amongst employees.</p> <p>The organization has zero tolerance for sexual harassment and such acts result in serious disciplinary action</p> <p>Taj People Philosophy commits the organization to abide by fair and just policies; and regular, formal channels of communication that nurture openness and transparency.</p> <p>20% of the workforce comprises women with female-male ration in Apex Committee being 1:3</p> <p>Tata Code of Conduct on Reporting Concerns enjoins all employees to reports concerns in case of discrimination.</p> <p>Concerns can be made directly to the MD.</p> <p>All concerns raised are subject to enquiry by the core committee and subsequently closed.</p> <p><b>Case Study: Equal Opportunity-the Tata Way</b></p> <p><b>Social Performance-Diversity &amp; Opportunity</b></p>
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		<p>Foreign nationals hold senior positions in the organization, the most prominent of whom is the Managing Director, Raymond Bickson.</p> <p>Out of 12 Directors on Board, 2 are of foreign origin.</p> <p><b>Case Study: Delighting in our differences</b></p>
<p><b>Environmental Protection</b>  <b>Principle 7:</b>  Support a precautionary approach to environmental challenges;</p> <p><b>Principle 8:</b>  undertake initiatives to promote greater environmental responsibility;</p>	<p>Tata Code of Conduct  Environmental Impact Assessment  Corporate Environmental Policy  ISO 14001 based Management System  Environmental Guidance Manual</p>	<p><b>Vision and Strategy</b>  Issues and challenges include those related to environmental sustainability.</p> <p><b>Governance Structure and Management Systems- Precautionary Principle</b>  Environmental Impact Assessments carried out for 1 new property at Mumbai and 2 renovation programs at Bangalore.</p> <p><b>Governance Structure and Management Systems- Corporate Environmental Policy</b></p> <p>IHCL is committed to sustainable development and reports sustainability performance based on GRI guidelines</p> <p>Create environmental awareness among our employees, customers, suppliers and community at large</p>

		<p><b>Environmental Performance</b></p> <p>3 units certified to ISO 14001:1996</p> <p>World Environment Day observed at all units to increase employee, supplier and customer awareness of major environmental issues.</p> <p>Local programs to ensure sustainable fishing in and around coastal regions</p>
<p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies.</p>	Tata Code of Conduct	<p><b>Environmental Performance-Energy and Water</b></p> <p>Use of fuel, power and water saving specialized machinery and gadgets</p>
<p><b>Corruption</b></p> <p><b>Principle 10:</b> Work against corruption in all its forms, including extortion and bribery</p>	Tata Code of Conduct	<p><b>Social Performance-Bribery &amp; Corruption and Political Contribution</b></p> <p>Tata Code of Conduct requires adherence to clauses on Gifts and Donations and Political Non-alignment that strictly prohibit taking bribes.</p> <p>Concerns raised related to these issues are subject to inquiry by Core Committee comprising senior management and headed by the Managing Director</p> <p>No political contributions paid to any political outfit</p>

Bombay Chamber of Commerce  
Indian Merchants' Chamber  
British Business Group  
Maharashtra Chamber of Commerce  
Associated Chambers of Commerce & Industry of India  
Federation of Indian Chamber of Commerce & Industry

## **BUSINESS RELATED ASSOCIATIONS**

Hotel Association of India  
Indian Association of Tour Operators  
The Travel Agents Association  
Federation of Hotel and Restaurants Association of India  
Federation of Indian Export Organisation  
H&FS India Pvt Ltd  
Trade Fairs and Conferences International  
Membership of the Leading Hotels of the World  
International Hotel Environment, Prince of Wales International  
International Hotel and Restaurant Association  
World Travel and Tourism Council  
Pacific Asia Travel Association  
Bombay Management Association  
Skal  
India Trade Promotion Organisation

## **OTHER ASSOCIATIONS**

Advertising Club of Mumbai  
Public Relations Society of India  
World Presidents Organisation  
British Council Division  
Council for Fair Business Practice  
Maharashtra Economic Development  
Tata Council for Community Initiatives

### **3.16 Policies and / or systems for managing upstream and downstream impacts, including**

#### **a – Supply chain management as it pertains to outsourcing and supplier environmental and social performance**

- (i) Performance of suppliers and procedures for monitoring : Supplier performance is measured on three parameters viz. cost, quality and timely delivery. Reports generated periodically are reviewed with a view to improve performance.
- (ii) Environmental and social programs for suppliers : As of now there is no stated and structured program for managing social and environmental issues pertaining to suppliers. There is, however,

an informal effort to go for environmentally friendly products driven by the Eco Taj program. Social issues are also pursued informally, like the selection of Cancer Patients Association.

- (iii) Monitoring supplier compliance of labour laws : There is no structured monitoring of supplier compliance of labour laws, especially for goods purchased. It is expected that suppliers would comply with all legal matters and care is taken to ensure that we do not violate any law. Specifically in service contracts, where we are deemed to be the principal employer, care is taken to ensure that statutory deductions are made by the supplier.

## **b – Product and service stewardship initiatives**

### **Energy Audits** conducted during 02/03

All the Taj luxury hotels have been audited by Tata Energy Research Institute, experts and necessary findings were placed for managements review, and accordingly budgetary provisions were made and following actions were implemented in Taj Mahal Mumbai, Taj Bengal Kolkatta, Taj Coromandel, Taj Palace Delhi, Taj Mahal Delhi.

#### **Actions on energy audit.**

- 1) Provided energy efficient machines
- 2) Changed the chilled water distribution system
- 3) Variable speed drives incorporated for pumps, fans airhandling units.
- 4) T-5 tube lights, CFL
- 5) Energy efficient pumps used in place of old pumps
- 6) Meters installed in various feeders to record the consumptions and monitor the results.
- 7) Building Automation incorporated

Taj Hotels have adopted various environmental initiatives, one of which is to reduce or completely eliminate use of fossil fuel for generation of hot water. By using energy efficient air-conditioning machines with Desuperheater, recent technology has been introduced. This screw chiller with Desuperheater promotes co-generation principle i.e. generation of chilled water for air-conditioning and hot water for the hotel use, simultaneously. In this machine, part of the heat from hot ref. gas is used to generate hot water. Whereas in the conventional machines, the entire heat is thrown into the atmosphere via a cooling tower. Use of this machine saves precious fossil fuel and also 12% of cooling tower make-up water, since lesser amount of heat will be disposed off in the atmosphere. The Taj Group has changed over to this new technology and installed new machines in various hotels.

### **Safety audits**

Tata AIG Risk Management, now known as TELOS Consultancy have safety audited all the Luxury hotels and most of their recommendations are implemented. All the hotels are annually inspected by independent Govt. agencies for elevator and fire safety, etc.

## **3.17 Approach to managing indirect economic, environmental and social impacts resulting from the Company's activities**

IHCLs approach to managing economic, environment and social impacts has been articulated under the National Interest code in the Tata Code of Conduct. The Tata Code of Conduct has been included at Annex A.

### 3.18 Major decisions during the reporting period regarding the location of or changes in operations

New properties were commissioned / added in 2004-05 including :

- 1) Wellington Mews, luxury serviced apartments were commissioned at Mumbai in Mid 2004.
- 2) Umaid Bhavan Jodhpur, Taj Exotica Resort and Spa, Mauritius, Taj Denis Island, Seychelles and 51 Bunkingham Gate, London UK were acquired.

### 3.19 Programmes and procedures pertaining to economic, environmental and social performance.

#### a) Prioritization and Target setting

The various reviews and analyses conducted form a base for improvement plans. Verifying the criticality of the issue in achieving the performance objectives ensures prioritization. Senior leaders focus on critical issues during reviews wherein attention is drawn to areas of sub optimal performance or where levels of performance are likely to drop in the future.

Areas where performance targets are lagging are also reviewed. Action plans and initiatives derived from the BSC and those that address gaps identified through the internal TBEM assessments, are accorded top priority, as they are key to the organization achieving its strategic goals.

IHCL – TLH has a comprehensive benchmarking process which enables both prioritization and target setting besides on investment plans, technological capability and periodic review findings.

The table hereunder illustrates some of the benchmarking data used for target setting and improvement plan development.

Function	Process	Measures	Data Obtained	Org Used As Benchmark
IT	Infrastructure Cost	\$ / room/year	Taj \$200/rm/yr v/s \$1000/rm/yr	Marriott
IT	Front Line Applications	Features	Frontline process applications	Marriott
IT	Back End Applications	Features	Taj superior over benchmark	Marriott
IT	IT Organization	Management of IT	Number of personnel / orgn structure	Marriott
Hotel Operations – Front Office	Guest History Management	Comprehensive Guest History	CIS at Taj	Grand Resort
Hotel Operations – Front Office	Online Reservation System	Efficiency	Reservation process	Carlson Hospitality



(Table - 16)

Function	Process	Measures	Data Obtained	Org Used As Benchmark
IT	Intranet	Information on intranet	Phase I in progress at Taj	Marriott
IT	Lobby Kiosk guest tracking system		Not available at Taj	IMPAC Hotel Group
Sales & Marketing	Revenue Management System	Revenue Enhancement	In progress at Taj	Marriott International
Sales & Marketing	Reward program for TA's		Taj Advantage in place	Radisson Worldwide
HR	Compensation	Market percentile	Extend survey of service sector companies / other hotel chains	Competitive hotel standards / other service industry
HR	Human Capital Index	Key human resource effectiveness percentile	External survey – Watson & Wyatt	500 service related companies in Asia Pacific
HR	Employee Satisfaction	Performance Q-12	Gallup Organization	Global service / hospitality industry benchmark
Finance	TOP	Cost Savings	Energy consumption, procurement, engineering efficiency	Hyatt, Mandarin Oriental, Starwood, Marriott, Hilton

(Table - 17)

### b) Major programmes to improve performance

The company has a dedicated Corporate Quality cell, which assists the Apex Council in facilitating implementation of Total Quality and driving performance excellence in the company. Individual hotels have Quality Managers who provide the support required to deploy quality systems across the organization. The TBEM assessment process, both external and internal is used to identify company-wide improvement opportunities. Over the past 2 years, over 90 executives have been certified as internal assessors and 15 as external assessors. Through the feedback received from satisfaction surveys of customers, employees and vendors, internal assessments, and periodic review of key performance data, opportunities for improvement are identified in key products/services and processes. At the unit level, Process Improvement Teams (PITs), that are usually cross-functional in nature, are constituted to solve problems which are identified through a similar process. These teams use a structured approach along with various quality improvement tools to drive improvement. Cost reductions and improved operational efficiencies are achieved through the TOP program while improvement in efficiencies of plant, machinery and equipment are achieved through TPM.

The process improvement at IHCL-TLH is effected in a structured manner through adoption of PIDIP Process. The PIDIP process involves:

PIDIP process

<b>1. Select critical processes based on their impact on TLH.</b>	<b>2. Select Process Owners</b>
<b>3. Define objectives of the process</b>	<b>4. Define boundaries of the process</b>
<b>5. Create the process management team</b>	<b>6. Identify stakeholders to the process</b>
<b>7. Determine needs of suppliers and customers</b>	<b>8. Create process flow of as is process</b>
<b>9. Benchmark the process</b>	<b>10. Find out the gaps in the process</b>
<b>11. Redesign the process</b>	<b>12. Create measures</b>
<b>13. Communicate and train on the process</b>	<b>14. Create process manual</b>
<b>15. Implement process</b>	<b>16. Evaluate and Improve process</b>

(Table - 18)

Process modeling has been completed for all the processes three years ago with the help of reputed external consultants. Gemba Kaizen workshops were used to create process awareness in all the units. Now, the company has formally adopted the Juran methodology for Continuous Improvement. All key managers in the SBU have undergone a certification programme on the same. Managers are trained on Quality Improvement; Quality Planning and Quality Control methodologies, quality tools and techniques, benchmarking, customer–supplier partnership, COPQ, basics of the TBEM, as well as facilitation skills to enable good facilitation of process / quality improvement teams thereby achieving the maximum output from the cross functional teams. The PITs follow a structured quality improvement methodology to eliminate rework, re-inspection, non-value additions from the processes, streamline, document and implement the procedure to be followed consistently. The improvements are systematically tracked in terms of the impact they make on the in-process measures (which serve as an early warning) and guest satisfaction scores (GSTS). The COO reviews the GSTS scores for the processes for each unit, on a monthly basis and thereby ensures that the improvements accrued align with the BSC Initiatives. The Corporate Quality department in the company collates best practices from each hotel unit and evaluates them. These best practices are then shared across the group. A new improvement is taking place in the shape of our KM initiative, where the Taj Buzz intranet facility will be used to share 1) best practices and 2) process improvements taking place.

The Pledge to Excel (P2E) programme was launched in TLH to encourage improvement through innovation with employees working in small teams and to unleash sharing of ideas across the organization.

<b>Year</b>	<b>Initiative</b>	<b>Purpose / Achievement</b>
1999	Cross Functional Team Structure	Focusing on specific areas of improvement and function at the unit and corporate levels.
	Kaizen & Kan-Ban methodologies	Waste reduction

2000	*50 CFT's established	Breaking functional and hierarchical barriers.
	*TPM introduced in engineering areas	To give employees greater control over their workplace and machines.
	*Quality Improvement	We now have 150 qualified facilitators in this area
2001	* The Special Thanks And Recognition Scheme (STARS),	A systematic process to strengthen the reward and recognition mechanisms. The program also promotes innovation by encouraging idea generation and implementation. This has won worldwide acclaim.
	Best Practice Sharing Process	Sharing the best practices from units across the Group
2002	*CFTS increased to 200 teams.	Improvement in processes
	* Total Overdrive for Profits (TOP) initiative with McKinsey & Co,	Encourage cross-functional teams to look at non-value adding activities and cost issues as well as to suggest methods of eliminating them. This approach cuts across all levels in the organization, throwing up extremely innovative ideas leading to improved quality and significant cost savings.
	P2E	improvement through innovation and teamwork
2003	Formal Best Practice Sharing Process	Structured process based on the E&I of the earlier process

(Table - 19)

**c) Internal Communication and training**

A comprehensive communication mechanism has been formulated, and is being implemented in phases (Table III-20).

Values are deployed across the organization, starting from the recruitment process, where (psychometric) testing for management trainees, as well as interview panels ensure that the values of potential employees are in sync with organizational values . Values are reinforced across the organization amongst our regular employees through several mechanisms as mentioned in Table III-20, E-mail footers, screen-savers, posters, quiz programmes and the Bravo Billboards in hotels are some of the recent innovative methods adopted for deploying values. The Performance Management System (PMS) further reinforces the same, with a section providing the executive feedback on various leadership dimensions aligned to the values of the Taj. There is no compromise on adherence to values. There have been instances when the services of senior executives with good performance have been terminated on account of not behaving in conformance with the values.

NO.	NAME	PURPOSE	SCOPE	PERIODICITY
1	Voices	Speeches/ articles by senior Taj and other Tata executives, on critical issues and values	All executives	As per schedule
2	Newsflash	Development in Taj, Tatas and any other that impacts hospitality	All executives	As and when need arises
3	Echo-line	Articles relevant to organization- to provide critical thinking	All executives	As per schedule
4	People-track	Appointments, transfers, promotions of people	All executives	As and when the need arises
5	Leadership network forum/ Business Excellence Council (BEC)	Discuss performance issues, directions, share improvements and learning	3 tiers- unit, SBU and corporate	Monthly
6	Town-hall meetings	Share performance data, communicate and reinforce values and expectations, appreciate accomplishments, employees voice concerns, seek clarification	All employees at unit	Once in 2 months
7	Taj Intranet (to be launched in March 2003)	Knowledge management	All executives	--
8	Taj Acculturation Programme for Management Excellence (TAP-ME)	Induct new employees into the Taj culture and values	All new recruits	Twice a month
9	Innovatives &	Communicate and	All employee	As per schedule

	interactive Training Programs	reinforce values and expectations	at unit	
10	We are the Taj Magazine	Communicate and reinforce values and expectations	All employees	Quarterly
11	Functional Meetings, briefings	Communicate and reinforce values and expectations	All employees at unit	Daily briefing and monthly meetings
12	Unit newsletter/magazines	Do	Do	Do
13	Visual displays (posters, notice-boards)	Do	Do	Do
14	Vidio-clips and other communication cascade material	For unit GMs to use within the unit for communication of values and expectation	Do	Do
15	Functional communication	To encourage dissemination of news and developments that are specific to the function- ezines like 'Trainer' s Inc.' and a Sales & Marketing Newsletter are published bi-monthly/ quarterly by the function		

(Table - 20)

### - Communication Mechanisms

The training intention of TLH has been derived from the vision, mission and the strategic business objectives and is driven by the Corporate Training and Development department (CTD). Education of employees focuses on enhancing skills through a series of Vocational Modules. Both these are COE-driven, Short-term needs of TLH are addressed through COEs, and long-term strategic needs are addressed by CTD. The training programmes are designed and delivered based on multiple feedback systems as depicted in The Taj Training Cycle, Figure III-21 hereunder.

Figure III-21

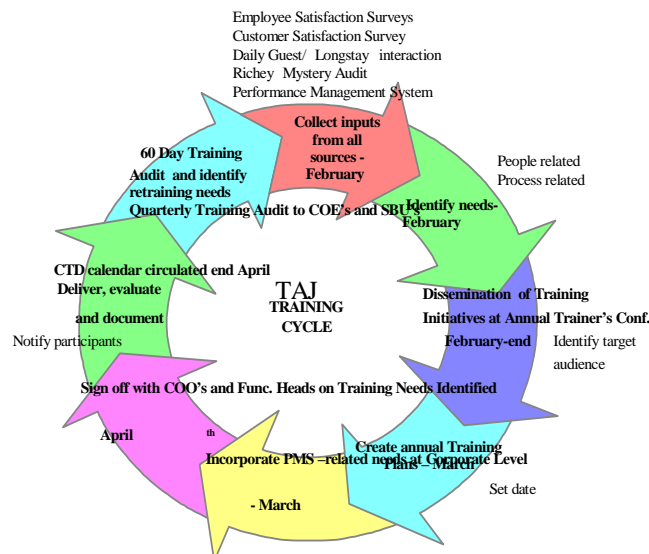
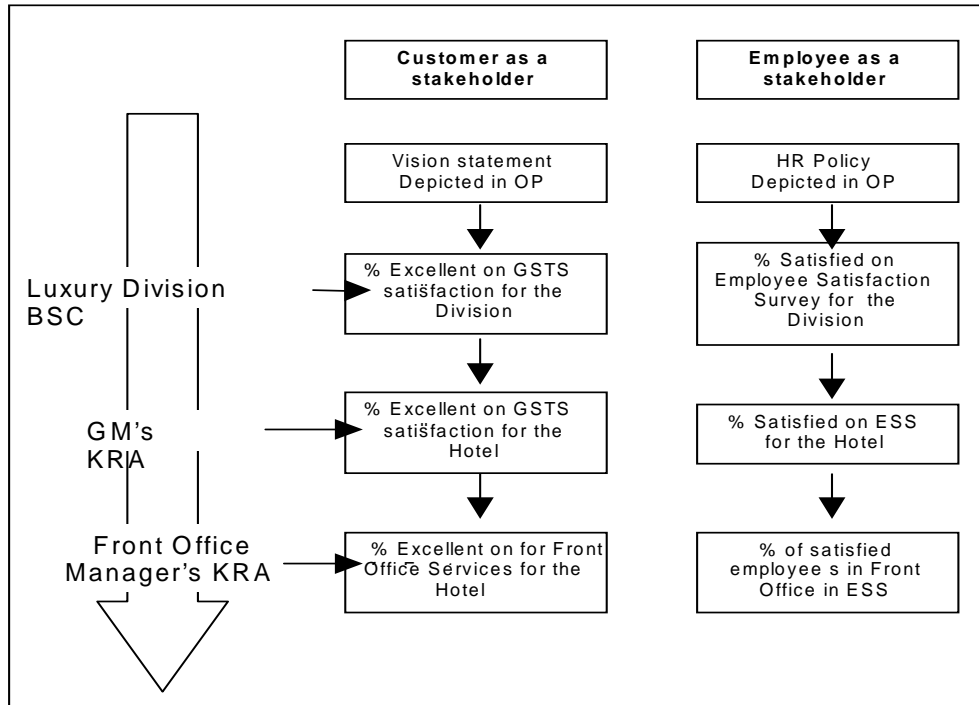


Figure III-21

**d) Performance Monitoring**

Organizational alignment through the measurement system is achieved through a cascading of objectives right from the vision of the company to the KRAs of individuals at each hotel. A microcosm of the organization’s balance scorecard is reflected in each executive’s KRAs, which contain measures that impact all stakeholders. Figure III-22 herunder depicts an example of how the measurement system is aligned at various levels within the organization and how it addresses the needs of multiple stakeholders.

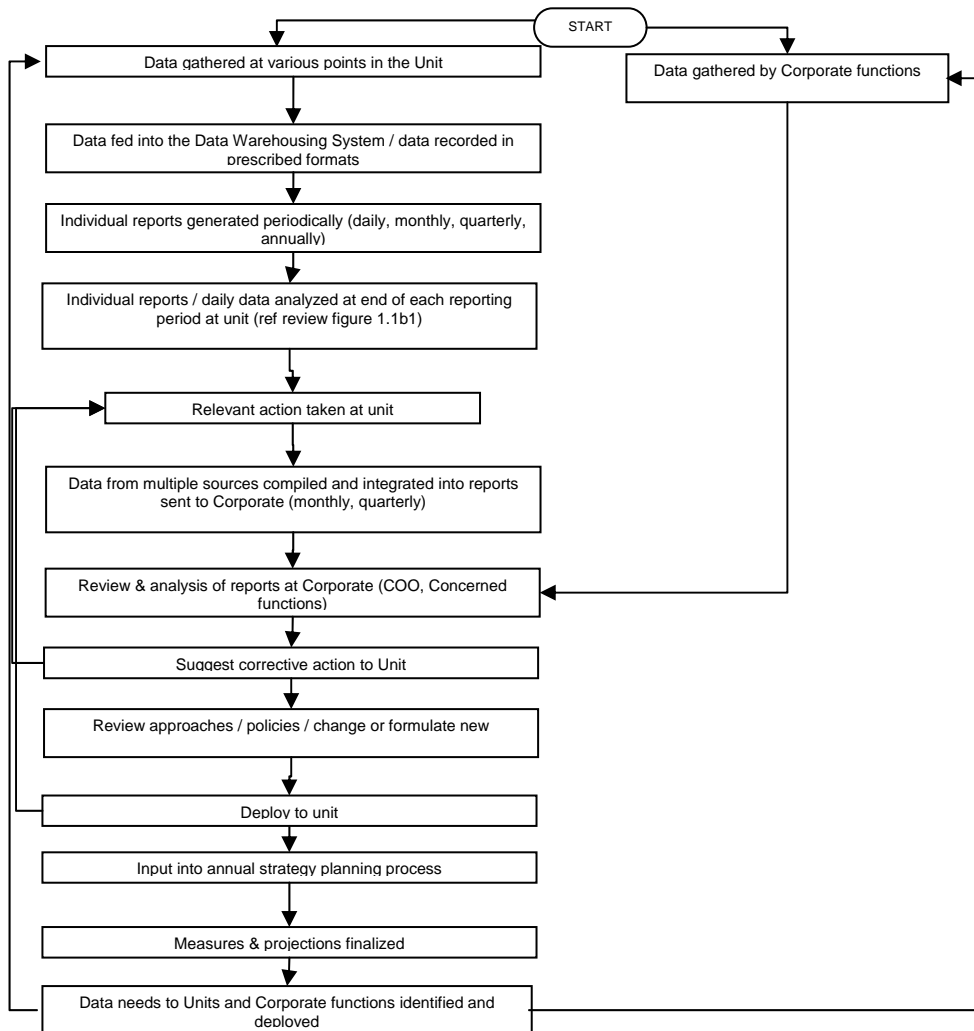


**Figure III-22 – Measurement system alignment**

The performance measurement system in the company has a sharp focus on non-financial parameters such as measurement systems for GSTS, ESTS, Figure III-22 depicts the generic process followed in the Taj to measure and analyze performance.

All revenue as well as customer related data and information is gathered automatically in the Property Management Systems (PMS) such as Fidelio and Micros, at the property level. This data gets integrated at the central level within the Fidelio Central Reservation System (CRS) / Customer Information System (CIS). Finally, the CRS / CIS data is parameterized and transferred into the newly installed Data Warehouse (DW) that provides need-based information. The DW system allows for over one billion permutations of data analysis to enable ‘intelligent’ decision-making.

Figure III-23 Performance Measurement and Analysis Process



(Fig. III-23)

**e) Internal and External Auditing**

With a view to institute systems for review of the control environment, effective deployment of economic, environment and social policies and for system improvement, IHCL has several audit processes both internal and external. These audit processes cover, through various different audits discussed at sections 3.4, above several of the economic, environmental and social processes.

**f) Senior Management Review**

Reviews are conducted at three levels in the organization : Corporate, SBU and unit. The data flow and decision flow of the various reviews is depicted in Figure III-24 hereunder. Company-wide information is aggregated, analyzed and reviewed to facilitate decision-making and setting priorities by the senior leadership. The organizational reviews at the Corporate are supported by the corresponding SBU, and unit reviews. The review mechanism and a summary of reviews conducted are depicted in Figure III-24 herebelow. The SBU structure simultaneously ensures that reviews are clearly focused on critical issues, and aligned at all levels. The process today is multi-level, from units to COO / functional heads to MD and BRC, and down from the corporate to the units.

<b>Corporate</b>				
<b>S. No</b>	<b>Forum</b>	<b>Attendees</b>	<b>Objective</b>	<b>Frequency</b>
1	Annual Performance Planning meeting	COO / All GMs and functional heads	All Performance Measures, projections and plans for the future; KRA planning for the year	Annual
2	Monthly Business Review	COO / ED / Functional heads	Profits, operational results, customer performance results	Monthly
3	Apex Council meet	Apex Council members	Business excellence plans and progress	Monthly
4	Balanced Scorecard review	Apex Council members	Performance on measures and initiative review	Monthly
5	Profit Watch	MD / ED / COO / functional heads	Projections, plans to address different possible market trends	Quarterly
6	BRC	BRC with MD and ED	Strategy and annual plans	Annual
7	Functional Reviews	Functional heads and team with MD and ED	Review progress on functional plans	Annual
8	SLA Review	Concerned functional head and COO	Performance on SLAs	Bi-annually
<b>SBU</b>				
<b>S. No</b>	<b>Forum</b>	<b>Attendees</b>	<b>Objective</b>	<b>Frequency</b>
1	Business Planning Meeting	COO and GM	Deliver Annual Business Plan for the SBU	Annual
2	Balanced Scorecard review	Apex Council members	Performance on measures and initiative review	Monthly
3	SBU Council Meeting	SBU Council – COO and GMs of the SBU	Review SBU Performance Develop SBU BSC and KRAs for GMs Discuss Best Practices	Annual



<b>Unit</b>				
<b>S. No</b>	<b>Forum</b>	<b>Attendees</b>	<b>Objective</b>	<b>Frequency</b>
1	Morning Meeting	GM and HoDs	Financials, GSTS, city scenario	Daily
2	Daily Briefing	Function / Area-in-charge and all employees on shift	Department performance on financials and customer, values, grooming, imperatives for the day	Daily, all shifts
3	Interdepartmental Co-ordination meeting	Concerned department executives and key employees (includes contractors where necessary)	Key co-ordination issues and performance problems	Weekly
4	Unit Business Excellence Council Meet	GM and HoDs	Key performance measures, process issues, progress of Improvement teams	Monthly
5	Monthly Departmental Meeting	All employees of the department with HoD	Same as above for the Department	Monthly
6	Half-yearly KRA reviews	Concerned HoD with immediate superior	Performance on KRA's of the individual	Half yearly
7.	BSC Reviews	GM, HOD's, Team Members	Progress of the unit action plans	Monthly

Table III-25 Summary of Reviews

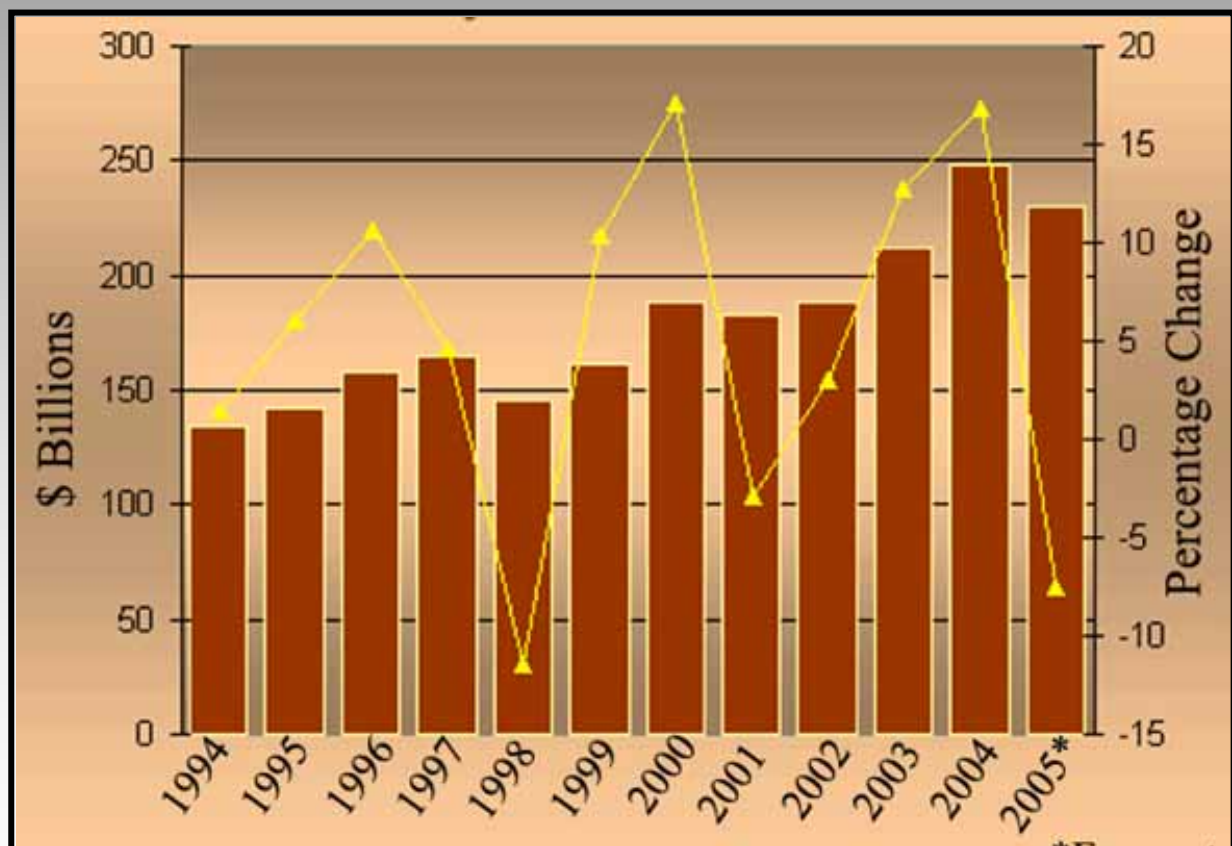
### **3.20 Status of certification pertaining to economic, environmental and social management systems**

Taj West End, Bangalore and Taj Bengal are being prepared for ISO 14000 certification.

Taj Coromandel and Taj Mahal Delhi have both been certified through ISO 14001. Taj Palace, Delhi has also initiated ISO 14001 based environmental management system and shall be certified in 2006.

We plan to establish ISO 14001 and OHSAS 18001 based management systems across eight properties of TLH.

# Corporate Sustainability Report 2004-05 Taj Luxury Hotels

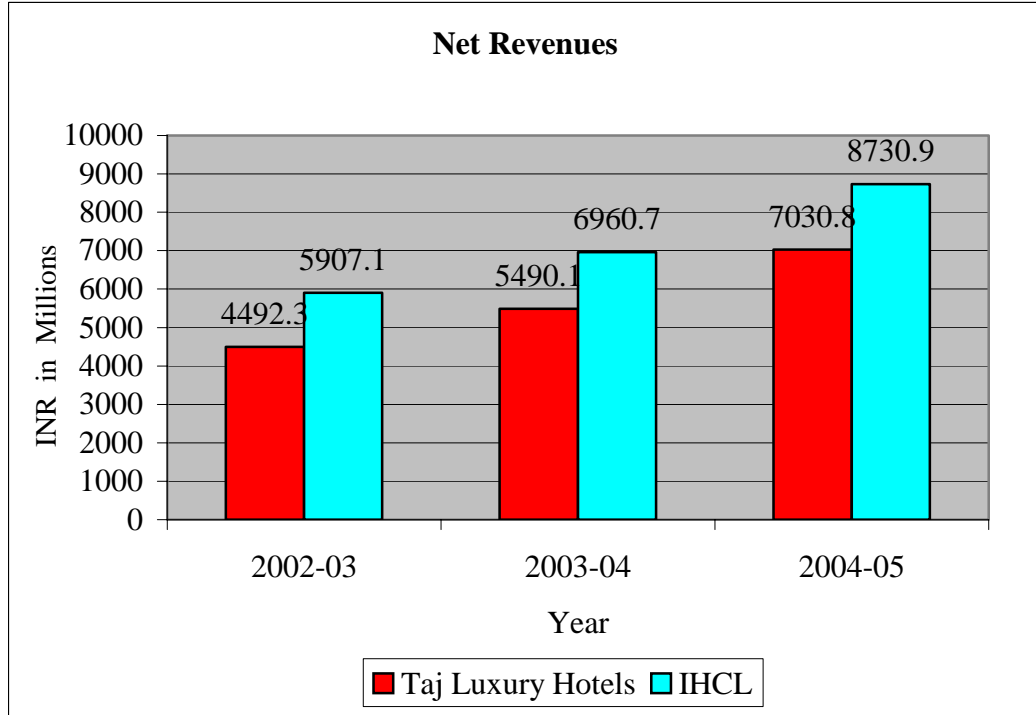


## Economic Performance

## Global Reporting Indicators

### Customers

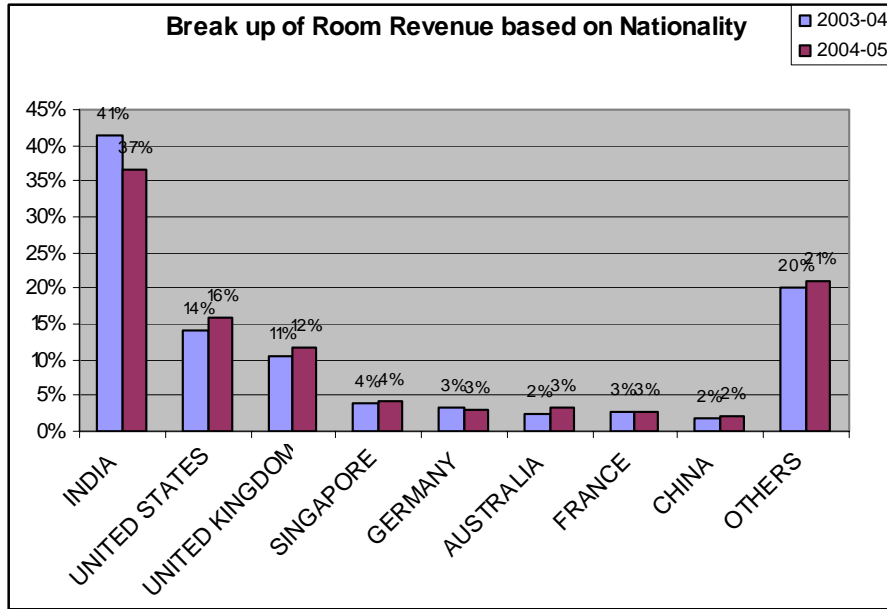
#### EC1 Net Sales



**EC2 Geographic breakdown of markets. For each product or product range, disclose national market share by country where this is 25% or more. Disclose market share and sales for each country where national sales represents 5% or more of GDP**

We track the geographic breakdown of our markets by gathering data on the nationalities of our customers .

A chart showing % nationality wise room revenue for the year 2003-04 and 2004-05 has been provided.



### Suppliers

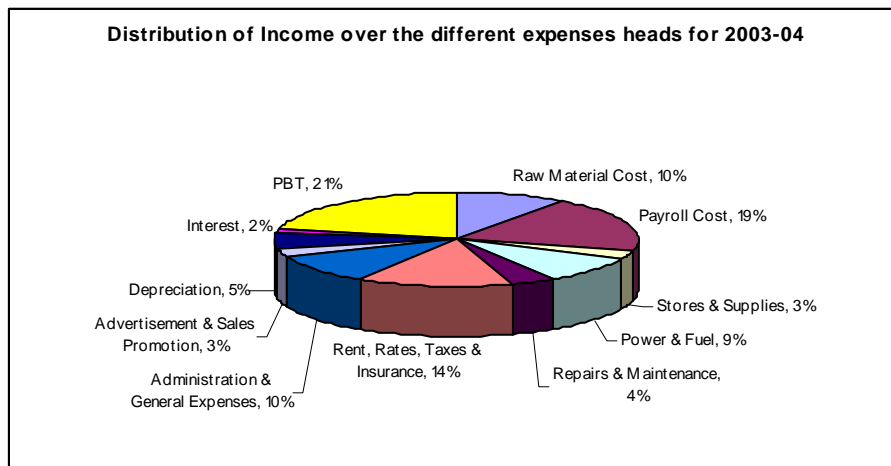
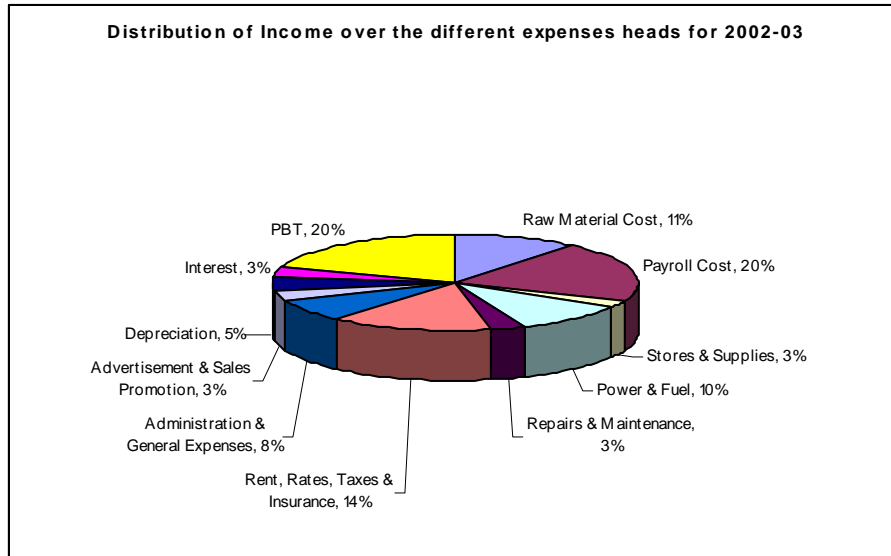
#### EC3 Cost of all Goods, Services and materials purchased

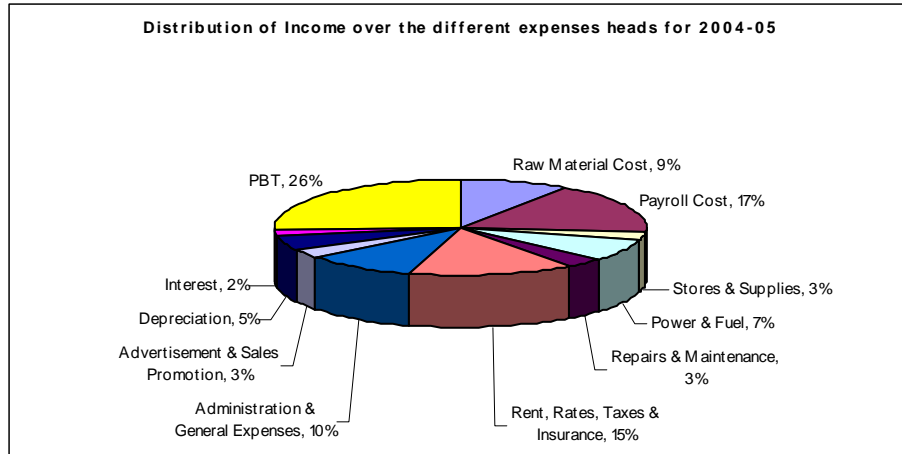


The major goods, services are as following:

Plant and machinery, room equipment, plumbing fittings, liquor & wines, food items. These purchases are increased due to maintaining high brand standards, higher occupancies and upgradation programmes in Taj Luxury hotels.

Distribution of Income over the different expenses heads:





**EC4 Percentage of contracts that were paid in accordance with agreed terms excluding agreed penalty arrangements. Terms may include conditions such as scheduling of payments, form of payment, or other conditions. This indicator is the percent of contracts that were paid according to terms, regardless of the details of the terms.**

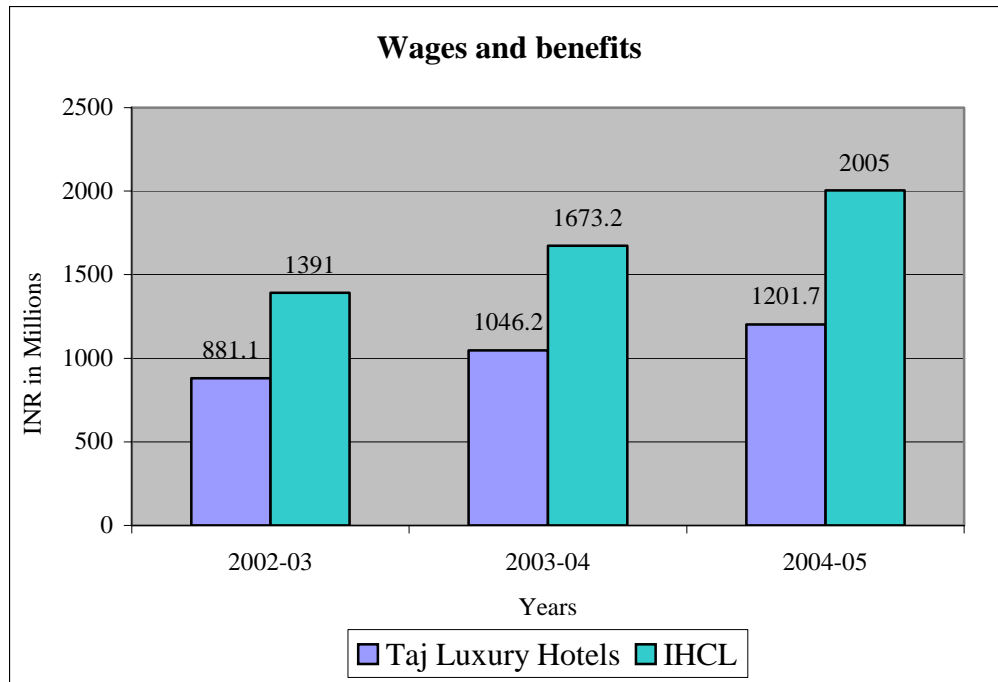
All vendors were paid in accordance with agreed/ contracted terms and no penalties were raised by vendors.

**EC11 Supplier breakdown by organization and country. List all suppliers from which purchases in the reporting period represent 10% or more of total purchases in that period. Also identify all countries where total purchasing represents 5% or more to GDP**

Revenue expenditure items are mostly from local suppliers with some being imported from Singapore, Holland, Germany. Capex / Project related products are normally sourced from Singapore, UK, Germany, USA, Korea, Japan, Australia, Denmark, China, Italy, Egypt, Turkey, etc.

### *Employees*

**EC5 Total payroll and benefits (including wages, pension, other benefits, redundancy payments) broken down by country or region. This remuneration should refer to current payments and not include future commitments.**



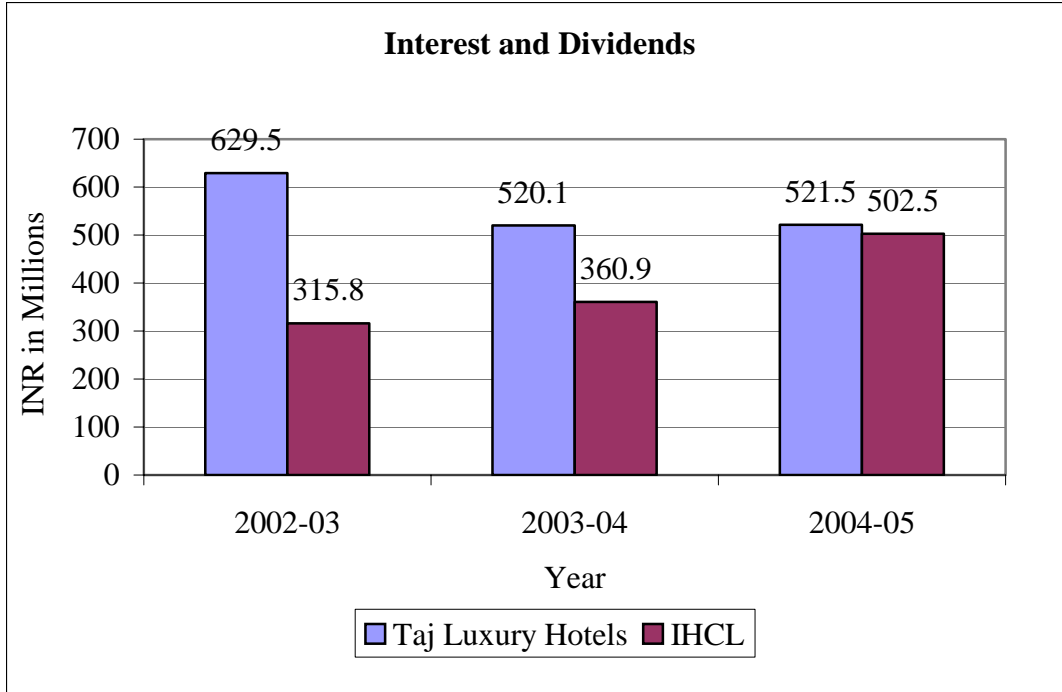
***Providers of Capital***

**EC6 Distribution to providers of capital broken down by interest on debt and borrowings, dividends on all classes of shares, with any arrears or preferred dividends. This includes all forms of debt and borrowings, not only long - term debt.**

The data is not possible for Luxury Hotels only, since they do not have any capital structure etc. Hence similar data for IHCL is provided:

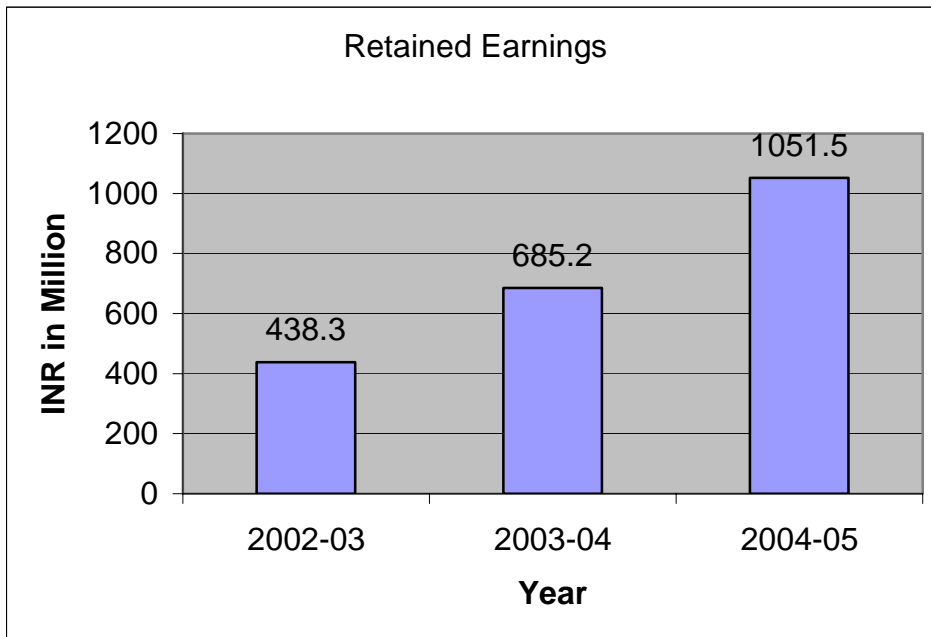
**Interest on Debt and Borrowings:** INR 521.5 million, INR.520.1 million, & INR 629.5 million, in 04-05 , 03-04 & 02-03 respectively.

**Dividend:** INR 522.5 million, INR. 360.9 million, & INR 315.8 million, in 04-05,03-04 & 02-03 respectively.



**EC7 Increase / decrease in retained earnings**

Separate data on this is not available for Luxury Hotels only, hence similar data for IHCL is provided, next year onward this data will be captured.

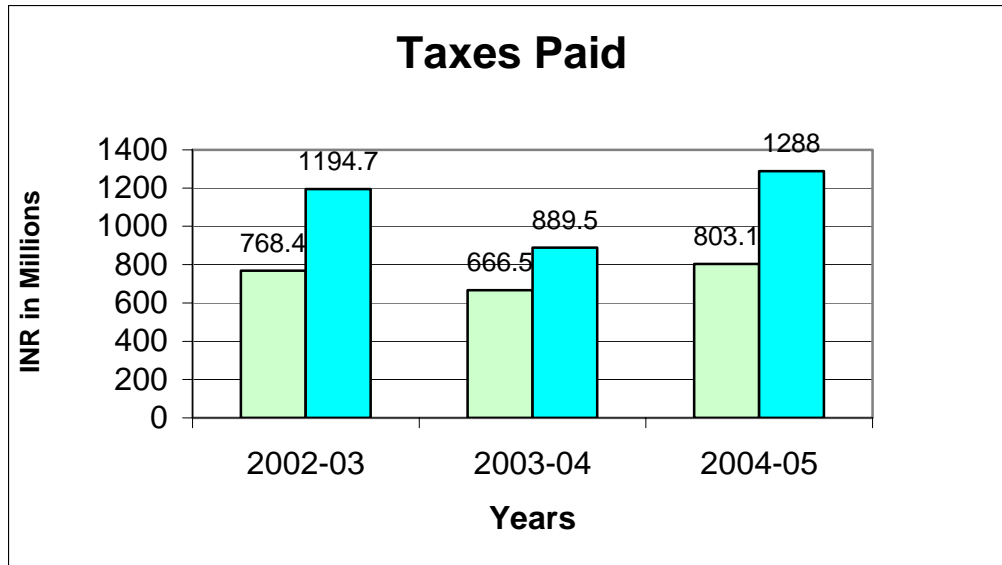




## Public Sector

### EC 8 Total sums of taxes of all types paid broken down by country

Total taxes Paid by IHCL and TLH is given as hereunder:

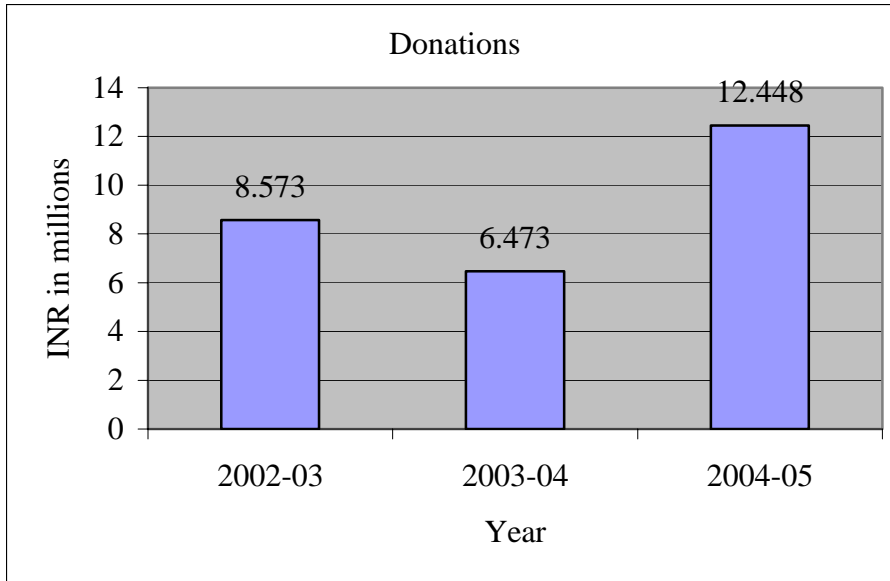


### EC 9 Subsidies received broken down by country or region. This refers to grants, tax relief, and other types of financial benefits that do not represent a transaction of goods and services.

No subsidies have been received by Indian Hotels Company Limited - Taj Luxury Hotels, in the reporting period.

### EC10 Donations to community, civil society and other groups broke down in terms of cash and in kind donations per type of group.

Donations are made from the corporate offices, and are not made at the SBU level. However, donations made by IHCL as a whole have been provided below.



**EC12 Total Spent on non-core business infrastructure development.**

This has not been reported in the given year

***Indirect Economic Impacts***

**EC13 The organization's indirect economic impacts. Identify major externalities associated with the reporting organisation's products and services.**

We are currently not assessing our indirect economic impacts.

# Corporate Sustainability Report 2004-05 Taj Luxury Hotels



## Environment Performance

**EN1 Total materials used other than water by type:**

<b>MATERIALS CONSUMED</b>	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
<b>A. <u>Food Provision (ton):</u></b>			
I. Grocery	2076	2163	2056.8
II. Oils/Ghee	384	416	334
III. Meat/Fish/Poultry(Ton)	975	939	848.12
IV. Egg (lacs)	47.74	34.89	41.5
V. Vegetables & Fruits	5146	4097	4467.6
<b>B. <u>Other Materials:</u></b>			
Paper (reams)	19000	17500	17000
Linen (ton)	100	88.6	80.5
Chemicals (ton)	103	78.6	89.39
<b>C. <u>Milk &amp; Milk Products (ton)(Ltrs)(KL)</u></b>	2188	1742	1903
<b>D. <u>Alcohol &amp; Beverages ((KL/Year))</u></b>			
i) Soft Drinks/Beverages (KL)	2781	1308	560
ii) Alcohol (KL)	326	389	386.4
<b>E. <u>Room Amenities Total Nos</u></b>			
Room Amenities contain:- Soaps, shampoo bottles, bath gel, slippers, combs, razor, etc.	5577578	48,85,540	45,96,130

<b>MATERIALS CONSUMED</b>	<b>2004-05</b>	<b>2003-04</b>
<b>F) Consumables:</b>		
• Wood (cu.ft)	2915	33436
• Plywood (sq.ft)	24000	325308
• Glass &L Mirror (Sq.ft)	12500	13978
• Tiles & Marbles I(Sq.ft)	60000	14290
• Cement (Kgs)	30000	42300
• Cables (assorted) (mt)	20000	18470
• Electrical fittings – assorted(Nos)	3000	3860
• Pipes (meters)	11800	9694
• Plumbing & Sanitary fittings (Nos)	22000	18620
• Furniture -	2000	2100

The materials consumption is from all 10 properties of Taj Luxury hotels. Materials for renovations / refurbishments is not taken into account.

**EN 2 Recycled waste materials used.**

Direct external source of waste material used : Nil.

Internal recycled materials like waste paper for writing pads, old bed sheets for laundry bags, for internal use are being used.

**EN3 & EN4 Direct & Indirect energy used:**

Generally main source of energy in a hotel is from city supply, however, for comfort of guest and to render uninterrupted service, in case of power failure, hotels have own captive generators, for supply of energy. Electrical consumption of Luxury Division ‘indirect’ energy sources i.e. city supply is main source of energy.

	2004-05		2003-04		2002-03	
	Consumption	Gigajoule	Consumption	Gigajoule	Consumption	Gigajoule
<b>I. Direct Energy Used</b>						
a) Diesel Generator	1.412 Kwh (in million)	5083.2	1.45 Kwh (in millions)	5216.4	1.80	6480
b) Fuel for boilers	3159 KL	94392	3574 KL	106790.4	3833	114534
(HSD/LDO/F O/)	416,132 Kgs	20822.4	443,723 Kgs	22204.8	769784	38520
c) LPG	3.0 scm in millions	80280	1.5 scm in millions	40320	1.7 scm in millions	46080
d) N.G.						
<b>II. Indirect Energy used (City supply)</b>	90.55 Kwh (in million)	325976.4	88.45 Kwh (in million)	318423.6	88.0	316800
<b>Total Energy:</b>		526554		492953		522414

**EN 17 Initiatives to use renewable energy sources and to increase energy efficiency**

A number of initiatives have been taken to minimise the energy cost and to increase the energy efficiency. The contributing factors for the reduction in specific energy consumption in Luxury Division are as stated below:

- i) Energy generation by wind mill for Taj Coromandel in the year 2003-04 and yr. 2004-2005 are 22,384,800 million joules and 57,60,000 million joules respectively.
- ii) Fuel savings due to solar water heating system in Taj West End Hotel, Bangalore was 22 KL in the year 2003-04 and 16 KL in the year 2004-05 for Taj West End.

- iii) Biogas plant at Rambagh palace is fully in operation, currently, it is used to illuminate surrounding areas during night, it saves approx. 6570 MJ, energy annually for city supply.
- iv) Various energy efficient products are introduced in various hotels such as CFL, T-5, Tubes, etc. Savings achieved due to this measure is 1935360 MJ and 1706400 MJ in year 2003-04 and 2004-05 respectively.
- v) BMS has implemented in various hotels reduction in energy consumption substantially. Savings achieved in years 2003 and 2004 are 1908000 and 2264400 MJ per year respectively.
- vi) Introduction of desuperheater, primary/secondary circuit in the chilled water system, Vfd, etc has reduced the consumption substantially. Savings achieved in the years 2003-04 and 2004-05 is 7405200 and 2811200 MJ per year respectively.
- vii) Introduction of energy saving gadgets has also reduced the consumption by 8838 GJ
- viii) Introduction of modern equipments and heat recovery system has reduced the consumption of fuel by 415 KL in the yr. 2004-05 w.r.t. the previous year.

#### EN-18 Energy Consumption footprint of major products:

In the luxury hotels breakup of the energy will be as follows:

Airconditioning, ventilation	43%
Lighting	23%
Boilers, pumps	9%
Kitchen/Cold Storages	16%
Elevators / Escalators	3%
Laundry	4%
Health Club / SPAs	2%

Major areas in then hotels, where electrical energy is consumed are as follows:

Areas	2004-05		2003-04		2002-03	
	Electrical Energy (G J)	Total Energy (G J)	Electrical Energy (G J)	Total Energy (G J)	Electrical Energy (G J)	Total Energy (G J)
a) Energy for Total Occupied Rooms in TLH	223200	308880	192888	285799	193968	313448
b) Energy for Total no.of covers in TLH restaurants.	71640	119561	64296	95266	84656	104483
c) Energy for total no of Banquets & Conferences at TLH	34690	57816	31388	48078	34656	54216

<u>Areas</u>	<b>2004-05 ( M J )</b>	<b>2003-04 ( M J )</b>	<b>2002-03 ( M J )</b>
<b><u>Electrical Energy Consumption:</u></b>			
a) Per guest room (occ)/day (134 Kwh/day/room in 2004-05 (139 Kwh/day/room in 2003-04)	482	500	522
b) Per cover (Restaurant)/day (6 Kwh/day cover in 2004-05) (5.6 Kwh/day/room in 2003-04)	21.6	20	20
c) Per cover (Banquet / day (6 Kwh/day/cover 2004-05) (6.6 Kwh/day/room in 2003-04)	21.6	24	24

	<b>2004-05 ( M J )</b>	<b>2003-04 ( M J )</b>	<b>2002-03 ( M J )</b>
<b><u>Total Energy Consumption:</u></b>			
a) Per guest room (occ)/day  (170 Kwh/day/room in 2004-05) (199 Kwh/day/room in 2003-04)	612	716	770
b) Per cover (Restaurant)/day  6 Kwh /day/cover in 2004-05) 7 Kwh/day/room in 2003-04)	22	25	110
c) Per cover (Banquet)/day  6 Kwh/day/covr in 2004-05) 7 Kwh/day/room in 2003-04)	22	25	110

Due to effective conservation measures, there is slight decline in electrical energy consumption.

Average occupied room energy consumption for luxury hotels varies from 100 to 125 Kwh/room/day depending upon the location, compactness of the hotel.

By deploying environmental initiatives Kwh/occupied room/day, is brought down to 134 Kwh in the year 2004-05 as against 139 Kwh in the year 2003-04

**EN19 Other indirect energy use and implications (use of energy- intensive materials)**

I) **Organisational Travelling:**

<b>Consumption</b>	<b>2004-05</b>	<b>2003-04</b>
Airport drop / Executive car / Vehicles on contract etc (KL)	267	300

II) Use of energy intensive materials like glasses, mirrors, stained glass, decorative tiles, tiles, moulded metallic articles, pipes, bends, brass fixtures and fittings, etc. are given in EN.1.

**EN-5 Total Water Use:**

Hotels provide only treated water for guest use, hence all the hotels are equipped with efficient treatment plants. For garden/fire service, raw water is used. T.L. hotels have taken various initiatives to optimize the use of water. Close monitoring of water losses, recycling of waste water, rain water harvesting, use of the water saving latest gadgets, etc, initiatives have resulted in such reduction. The total consumption of water in the years 2004 and 2005 is given below.

	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
A) Water Consumption (m <sup>3</sup> in million)	1.61	1.6	1.6

Average water consumption of 1.8 m<sup>3</sup> per room/day is same as of last year. Water consumption has marginally increased, due to rise in occupancy and banquet business

**EN-20 Water sources and related ecosystems/habitats significantly affected by use of water.**

Main Sources of water in our hotels are (a) City supply (b) Tanker water (c) Borewells. As we do not draw water from rivers or lakes, directly or indirectly therefore there is no impact on ecosystems/habitats of the surrounding areas of the particular unit.

	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
Total consumption (City supply and borewell + tankers) (m <sup>3</sup> in millions )	1.61	1.60	1.60
Actual quantities of (borewell + tanks) (m <sup>3</sup> in millions )	0.74	0.75	0.77
Percentage of borewell + tanker to entire consumption	46%	47%	48%



**EN-21 Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources.**

Whenever municipal water supply is inadequate or not available, hotels have to depend on borewells and tankers.

Total withdrawal of ground and surface water (Tanker and Borewell) in the year 2004-05 and 2003-04 are 0.74 m<sup>3</sup> (in million), and 0.75 m<sup>3</sup> (in million) respectively.

**EN-22 Total recycling and reuse of water:**

Total quantity of treated water generated in TLH is approx 0.64 million m<sup>3</sup> in 2004-05, and 0.6 million m<sup>3</sup> in the year 2003-04. Part of this treated water is used for cooling tower make up, flush in staff areas and irrigation purpose, balance is let into the sewer. Amount of water used for cooling tower make up and gardens would be monitored in coming years.

**Bio-diversity:**

**EN-6 Location and size of land owned, leased, or managed in biodiversity-rich habitats:**

IHCL has defined biodiversity rich habitats as those where the plant is located in an environmentally notified site like in coastal areas or where it is within 10 Km of notified protected areas.

**IHCL Luxury Hotels own the land as follows:**

Sr. No.	Name of the Hotel	City	Acres
1	Taj Mahal (Leased )- CRZ	Mumbai	2.83
2	Lake Palace (Leased)	Udaipur	2.16
3	Taj Lands End (Own)_CRZ	Mumbai	9.24
4	Taj Bengal Kolkata	Kolkata	3.97
5	Rambagh Palace Jaipur	Jaipur	74
6	West End –Bangalore	Bangalore	18.0

These hotels are in Coastal Regulated Zonal (CRZ) areas, heritage sites, botanical gardens and surroundings.

**EN –23 Total amount of land owned leased or managed for production activities or extractive use.**

IHCL – TLH does not use any land for production or extractive use.

**EN-24 Amount of impermeable surface as a percentage of land purchased or leased.**

	Acres
a) Owned Land	43.10
a) Leased Land	66.17
Total:	109.27
Total Impermeable Surface (This is 34.77% of total land in TLH)	38 acres

EN – 25

**Impacts of activities and operations on protected and sensitive areas:**

Areas of operation of the company do not have any World Heritage sites. However, one of the Hotel Lake Palace Udaipur is seventeen century heritage property situated in the famous Pichola Lake. We have been taking utmost care not to have any adverse effect on environment, Lake water or underwater living species. The various actions being taken are given below:

- Battery operated boats are used and the fuel is being taken from the drum which is kept close by to avoid any of oil spillage.
- Waste water is pumped through underwater pipe to the land and is used for gardening after treating the water.
- Solid waste is taken to the main land through sealed containers for disposal.

We have not undertaken any study which will indicate impact on building and surrounding lake etc. Another property at Jaipur, Rambagh Palace, Jaipur is a 18<sup>th</sup> Century building though not World Heritage, all due consideration as above to protect against any adverse impact.

EN-26

**Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.**

Though we have not made any scientific study on this, it is highly unlikely that any changes to natural habitats have occurred from the company's products, services and activities.

As far as possible, hotels are constructed after environmental impact assessment study and without causing any damage to natural habitats on the contrary, environmental friendly surroundings are restored.

EN –27

**Objectives, programs, and targets for protecting and restoring native ecosystems and species in degraded areas.**

Not undertaken any programme on this, however, as part of our eco-friendly drive the company strives to rehabilitate the degraded lands.

EN-28

**Numbers of IUCN red list species with habitats in areas affected by operations.**

Not applicable

EN-29

**Business units currently operating or planning operations in or around protected or sensitive areas.**

Lake Palace Udaipur has all environmental approval, and efforts are made judicially to ensure environmentally friendly activities are carried out, especially Lake water and underwater species are most important to hotels. Apart from Lake Palace, following hotels like Rambagh Palace, Jaipur, Taj Mahal Mumbai, and Taj Lands End, Mumbai are in operation in environmentally sensitive areas.

These areas are considered environmentally sensitive since Lake Palace Udaipur and Rambagh Palace are in Heritage Buildings while the other two are in Coastal Regulation Zone (CRZ) Notified areas.

**EN – 7 Description of major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater, and marine environments.**

Our nature of operations does not bring about impact on bio-diversity associated with organizations activities and/or products and services. However, study is being conducted in this regard. We will report our observations on impact on bio-diversity in future reports.

**Emissions, Effluents and Waste:**

**EN – 8 Green House Gas Emissions:**

By deploying various energy efficient gadgets such as desuperheater energy efficient lights, subsequent load on Boiler and DG sets has reduced which has resulted in reduction in fuel consumption and hence less emission.

Also proper upkeep of Boiler/DG set combustion system has also helped to minimize unburnt carbon percentage in emission.

Considerable reduction in effective CO<sup>2</sup> emission rate is evident as there is a reduction of (a) Fuel consumption and (b) Electricity and steam consumption.

The consumption is given below: -

	2004-05		2003-04		2002-03	
	Consumption	CO <sup>2</sup> (Tons)	Consumption	CO <sup>2</sup> (Tons)	Consumption	CO <sup>2</sup> (Tons)
a) FO/HSD	3159 KL	7960	3574 (KL/Year)	9006	4542 KL	11445
b) Electricity -City Supply	91.961 Kwh in millions	81845	89.933 Kwh in millions	80040	89.7 Kwh in millions	79833

**EN – 9 Use and emissions of Ozone depleting substances.**

The Taj Luxury hotel division used 800 KGS OF R-12 Refrigeration and 200 Kgs of R-22 Refrigeration during the year 2004-05, as against 950 Kgs of R-12 refrigerant, and 242 Kgs of R-22 refrigerant used, during the previous year, for replenishing the total charge.

No R -12 machines are operated in TLH, all are in standby mode and by next year onwards these would be replaced

**EN – 30 Other relevant indirect greenhouse gas emissions:**

GHG emission on account of purchase of refrigerant for air-conditioner being used by the employees.

8000 kg to 9000 kg of organic waste is generated in TLH on daily basis. Out of this 1000 kg/day to 1500 kg/day, kitchen waste is used for biogas plant.

**EN – 31 All production, transport, import or export of any waste deemed ‘hazardous’ under the terms of Basel Convention.**

The Division does not impart or export any waste deemed hazardous under the term of Basel Convention.

All e-waste such as empty cartridges, computer terminals, etc. are returned to the dealers. Similarly, batteries are returned to authorized dealers, Quantities of batteries returned in year 2004-05 and 2003-04 are 430 and 250 respectively.

Sludge from STP, Quantity 500 to 650 kgm disposed to municipality on daily average basis for all luxury hotels and balance used as manure for gardens. Grease trap waste approx. 110 kgm, collective quantity of TLH is disposed to municipality.

Sn.	Hazardous items	2004-05	2003-04
1)	Batteries returned to the dealers (in nos.)	430	250
2)	Sludge disposed to the municipality (kg per day)	650	500
3)	Grease trap waste disposed to municipality (kg per day)	110	100

**EN – 32 Water sources and related ecosystems/habitats significantly affected by discharges of water and run-off.**

The Division utilizes its effluent for irrigation land cooling tower after treatment and balance quantity is let into city sewer. No direct impact attributed to water sources.

**EN – 10 NOX, SOX and other significant air emissions by type:**

Most of the units discharges its flue gas from Boiler, DG & kitchen through the scrubber which has resulted in considerable reduction in stack emission. The total emission by type (NOX, SOX) for the year 2004 and 2005 are given below (Mg/nm<sup>3</sup>)

Emission	Statutory Limits (CPCB)	2004-05 (Figures in tons)	2003-04 (Figures in tons)	2002-03 (Figures in tons)
<b>NOX:</b>	60 mg/m <sup>3</sup>	0.20	0.22	0.3
<b>SOX :</b>	60 mg/m <sup>3</sup>	1.4	1.6	2.0
<b>Particulate matter (SPM):</b>	104 mg/m <sup>3</sup>	5.0	5.7	7.2

**EN – 11 Total amount of waste by type and destination.**

The waste generated from kitchen and other outlets is either sent for municipal disposal or is recycled as given below:

	2004-05 Quantity	2003-04 Quantity	2002-03 Quantity
a) Kitchen waste is given for Municipal disposal ... (Tons/day)	7.5	9.5	10

b) Kitchen waste alongwith other waste is used for composting in hotels where land is available (Rambagh Palace, Taj West End, etc)... (Kgs per day)	500	600	1000
c) Dry leafs are decomposed in the earth pits used as compost. ... (Tons/day)	2.5	2	3.6
d) Waste paper from computers and others is re-used as writing pads (Reams/Year).	2500	3,000	2,500

e) Other solid non-degradable waste is sold as scrap to regular dealers. Hazardous and non-hazardous metal, bottle, plastic waste, generated and disposed off during the year 2004-05.
f) Pipe Steel waste is used as safety railings/barricades in gardens and road sides.
g) Good quality old bed sheets material is used to make linen bags, cotton napkins, etc.

The quantity of waste generated (untreated) is given below:

S.NO.	ITEM – (NAMES)	UNIT	2004-05	2003-04	2002-03
			QUANTITY	QUANTITY	QUANTITY
1	Beer Bottle 650 ml	Nos in million	0.15	0.087	0.2
2	Whiskey	Nos in million	0.03	0.045	0.002
3	Small Bottle	Nos in million	0.04	0.041	0.017
4	Sauce Bottle (Big)	Nos in million	0.01	0.013	0.012
5	Damaged Tins	Nos in million	0.008	0.005	0.009
6	Juice Can (Small)	Nos in million	0.05	0.17	0.002
7	4 Kg Tin	Nos in million	0.001	0.002	0.001
8	Fused Bulbs / Tubes	Nos in million	0.068	0.07	0.08
9	Plastic Bottles	Nos in million	0.3	0.071	0.40
10	Juice Can Big	Nos in million	0.02	0.04	0.04
12	Dum (20 lts)	Nos	420	700	61
13	Drum (200Ltrs)	Nos	50	60	67
14	Jerry Can (20 ltrs (White))	Nos	1500	1400	209

15	Jerry can (50 lts – Black)	Nos	1500	400	1312
16	Oil Drum (200Ltrs) Damaged	Nos	200	20	6
17	Plastic Drum (35 Ltrs)	Nos	1200	1500	1564
18	Plastic Can (5 – 15 Ltrs))	Nos	1500	1400	2495
19	Other Tins	Nos	1000	1300	50
21	Iron Scrap	(Tons)	20	78	289
22	Wooden Waste	(Tons)	10	40	18
23	Newspaper	(Tons)	50	120	87
24	Magazine/Books	(Tons)	2	6	14
25	Cardboard	(Tons)	30	24	90
26	Oil Burnt	KL	10	9	8
27	Plastics	(Tons)	8.0	9.0	5
28	Broken glass	(Tons)	5.0	32.0	86
30	Aluminum	(Tons)	2	16	0.60
31	Stainless steel scrap	(Tons)	0.7	108	0.30

Waste	2004-05	2003-04	2002-03
<b>Non-Hazardous</b>			
a) Food wastages and trash generated (tons/yr)	3000	2864	3650
<b>Hazardous</b>			
b) Lube oil waste (KL/Yr)	8	6	8
c) Batteries (Nos)	400	250	82

**EN – 12 Significant is charges to water by type.**

Total waste water from the hotels are treated through ETP and the outlet water is being used for irrigation and cooling tower. The level of total pollutant discharge in the waste water have reduced considerably as no untreated water is being discharged.

	2004-05	2003-04	2002-03
a) Consumption of treated water (m <sup>3</sup> in million)/year	0.64	0.64	0.65
b) COD Tons/yr	12.8	13.0	13.5
c) BOD ton/year	19	20	20
d) TSS tons/year	52	55	56
e) Oil & Grease tons/yr	5.2	5.5	6

**EN-13 Significant spills of chemicals, oil, and fuels in terms of total number and total volume.**

As ours is a hotel industry, there are least chances of chemical/oil/fuel spills. However, there was '0' reportable case in this respect.

**EN– 33 Performance of suppliers relative to environmental components of programmes and procedures.**

Although suppliers environmental performance monitoring is not undertaken procedures have been developed for contractors/suppliers and efforts are being made to encourage suppliers to adopt these procedures.

**EN-14 Significant environmental impacts of principal products and services.**

Guest rooms, Banquet halls, Restaurants, food outlet and food preparation centers are hotel's principal products and for infrastructure services, boiler DG Sets, A/c machine, water treatment plants are use. Significant impacts will be water treatment plants and air emission is by help of proper monitoring of combustion equipments to have better quality of exhaust. However, no detailed study which actually assess the impacts have been carried out.

**EN – 15 Percentage of weight of products sold that is reclaimable at the end of the products useful life and percentage that is actually reclaimed.**

While IHCL has not estimated the total quantity of reclaimable products, it shall undertake identifying such items in subsequent years.

**EN – 16 Indicate any fine has been charged so far on non-compliance of any pollution norms local regulation etc.**

None of IHCL TLH properties have been fined.

**EN – 34 Significant environmental impacts of transportation used for logistical purposes.**

Diesel and Petrol consumed for the following mode of transportation is accounted for in the calculation of Co2 emission as per GHG protocol. All the cars belonging to the unit have PUC Certificate.

<b>Consumption</b>	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
Airport drop / Executive car / Vehicles on contract etc (KL)	300	267	310

**EN – 35 Total Environmental expenditure by type:**

Several steps were taken for pollution control and water and energy conservation. The expenditure are given below: -

	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
<b><u>Capital Expenses on Environment</u></b>	Rs in million	Rs in million	Rs in million
- Installation of effluent treatment plant	0.05	16.0	3.5
- Expenditure incurred on water conservation.	1.4	29.0	0.5

	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
<b>Revenue Expenses on Environment:</b>	Rs in million	Rs in million	Rs in million

- Fees paid to pollution control board	0.6	46.0	0.4
- Operational cost	4.0	4.8	2.0

**Note:** Taj Exotica, Maldives and Crown Plaza – “St.James Hotel and Suites’, London, are included in Luxury Division w.e.f. April 2004. Energy data of these hotels and Wellington Mews are not included in the CSR.



# Corporate Sustainability Report 2004-05 Taj Luxury Hotels



## Social Performance

## Labour Practices and Decent Work

### Employment

#### LA1. Breakdown of workforce, where possible, by region/country, status

Breakdown by Region/ Country (Global):

Region	Country	No of Employees
Asia	India	7640
	Maldives	150
	Singapore	3
	Japan	1
Australasia	Australia	1
Africa	Mauritius	228
	Seychelles	61
North America	US	3
Europe	UK	240
<b>Total</b>		8328

Breakdown within India :

Country	Location	No of Employees
India	Mumbai	2726
	New Delhi	1796
	Bangalore	464
	Chennai	552
	Hyderabad	542
	Kolkata	692
	Rajasthan	868
<b>Total</b>		7640

#### LA2. Net employment creation and average turnover segmented by region/country.

For the year 2004-2005, the total voluntary turnover was 14.02%

Turnover of key talent is 4.83%

Total Employment creation:

A total of 956 people were hired in 2004-05 in the SBU. This includes replacements for turnover as well as new services launched..

#### LA12. Employee benefits beyond those legally mandated. (E.g., contributions to health care, disability, maternity, education, and retirement).

There are a number of non statutory benefits extended to employees. These are majorly in areas of health care, education of children, meals on duty and housing among others. The expenses incurred in each of these activities is provided below.

<b>Activity</b>	<b>Expense (in INR Million)</b>
Medical Reimbursement	36.05
Education reimbursements	9.04
Gifts	4.39
Annual Day, picnics, getogethers	6.83
Maternity/ Paternity benefit	1.42
Housing loan subsidy	0.29
Sports/ cultural activities	1.11
Birthday celebrations	0.24
Ladies drop	6.11
Staff meals	55.47
Long Service Awards	2.05
Funeral assistance	0.51
Inhouse medical facilities	0.56
<b>Total</b>	<b>124.07</b>

### ***Labour/Management Relations***

#### **LA3. Percentage of employees represented by independent trade union organizations**

In the year 2004-2005, 5634 employees i.e over 90% of the total barhgainable workforce were members of trade unions or independent worker committees.

Of these, 14..28% were members of unions affiliated to external bodies and 85.72% were members of unions and committees managed independently.

The largest union, **Indian Hotel Company Employees' Union**, has been in existence since the last 25 years.

#### **Case Study: Mr. Pervez Pestonji Sahir, Union Leader-Indian Hotel Company Employees' Union**

I have been employed with IHCL for 30 years and have been the union leader of **Indian Hotel Company Employees' Union** since the last 25 years. This union is the largest union of our flagship Taj Mahal Mumbai.



During all these years, we have enjoyed the freedom to form unions and this right has never been trampled upon. We have made several representations to the management on various issues and have arrived at the solutions jointly. I can confidently say that the management has been extremely approachable at all times; it understands and empathizes with our issues and immediately finds solutions to all our needs.

I am proud to be associated with the Taj Group of Hotels, an organization that respects all human rights and labour standards.

**LA4. Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organization's operations (e.g., restructuring).**

The organization does not have an articulated policy, however there is a strong mechanism of employee involvement and opinion solicitation in operational changes. The organization has a separate Internal Communication Department which works exclusively to create a two way information channel between employees and senior management.. All major organizational changes are reported through emails and newsletters centrally from the Corporate Offices. At each hotel, there is a Member Network Communicator responsible for strengthening internal communication flows. Besides this, changes in operations are shared through various communication forums at each unit which include Town Hall meetings (once in every two months), departmental meetings (once a month) and daily briefings as well as through notice boards and intranet.

Employees' participation in changes in operations are actively promoted, although there is no formal consultation mechanism. The company has implemented various recognition schemes which promote innovative ideas from each employee which, on being found suitable, are incorporated as process improvements. Also there exist Process Improvement Teams in each hotel comprising of management and worker representatives which work on process improvements. As mentioned in LA3, around 67.64% of employees are represented by either unions or committees. The management consults and takes into account the opinions of these representative bodies while making decisions on operational changes of import.

**LA13. Provision for formal worker representation in decision making or management, including corporate governance.**

As mentioned in LA 3 and LA4, the representative bodies of workers and the management conduct bipartite negotiations on a periodic basis. The areas covered in these areas range from wages to working conditions and productivity standards.

***Health and Safety***

**LA5. Practices on recording and notification of occupational accidents and diseases**

There is a formal system in place where every accident at workplace is reported within one working day to the Human Resource Manager and General Manager. In most hotels, there is a formal Safety Committee which analyses and addresses accidents at work. All hotels have inhouse medical facilities and while larger hotels have inhouse doctors and a fully equipped medical assistance room,

smaller hotels have doctors on call. All food handling employees mandatorily go through an annual medical check. In addition there is a core group of employees trained in administering First Aid in each hotel.

**LA6. Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees.**

The company has constituted Safety Committees at the hotel level. The Safety Committee is responsible for analyzing and improving workplace safety. In addition, there are Fire Fighting Teams at each hotel.

Fire Fighting teams are composed of personnel from the Security department and the Maintenance Department who are mainly responsible for firefighting activities in the unit. Besides the above mentioned departments all the other employees are also given fire fighting training and they actively participate in the fire fighting activities. The employees (Permanent and Temporary) are imparted training on Fire Fighting by the Security Department.. Refresher courses on Fire Fighting are also organized at regular intervals.

**LA7. Standard injury, lost day, and absentee rates and number of work-related fatalities (including subcontracted workers).**

Category	2003-04	2004-05
Number of injuries (confirmed employees) apprx figure)	30	127
Number of injuries (contract employees) (apprx figure)	2	44
Number of Fatalities	Nil	0
Mandays lost (confirmed employees) (apprx figure)	42	238
Mandays lost (contract employees) (apprx figure)	15	70
Total Mandays lost(apprx figure)	<b>57</b>	308

**LA8. Description of policies or programmes (for the workplace and beyond) on HIV/AIDS.**

A Corporate policy on Communicable and Non Communicable diseases including HIV/AIDS exists since 2000 - 01. A comprehensive AIDS awareness programme was conducted in 2003-04 which has been followed by small refresher sessions at units.

***Additional Indicator***

**LA14. Evidence of substantial compliance with the ILO Guidelines for Occupational Health Management Systems.**

In India, the National Factories Act and State Factories Rules have been formulated along the lines of the ILO Guidelines.

However, since the hotels come under the Shops and Establishment Act, they have established Occupational Health and Safety Management Systems based on the Shops and Establishment Rules of the respective states in which they are located.

**LA15. Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements.**

In the wage settlement, responsibility of Management and Employees with respect to Occupational Health and safety measures is not delineated as it is not a major area of concern. This is primarily because the cases of Occupational Health and Safety is negligible in our industry per se.

**LA11. Composition of senior management and corporate governance bodies (including the board of directors), including female/male ratio and other indicators of diversity as culturally appropriate.**

The female: male ratio of Apex Committee is 1:3. At other **Senior & Middle management levels the distribution of female to male ratio is 1:5.**

**Board of Directors:**

Mr. Ratan N Tata  
Mr. R K Krishna Kumar  
Mr. N A Soonawala  
Dr. J J Bhabha  
Mr. Deepak Parekh  
Mr. K B Dadiseth  
Mr. Jagdish Capoor  
Mr. S K Khandhari  
Mr. Shapoor Mistry  
Mr. Tejendra Khananna  
Mr. Raymond Bickson

**List of Executive Committee Members**

Mr. R K Krishna Kumar  
Mr. Raymond N. Bickson  
Mr. Anil P Goel

## List of Apex Council Members

Mr. Raymond N. Bickson	Mr. Rustom Vesavevala
Mr. Anil Goel	Mr. B. D. Nariman
Mr. Yogi Sriram	Ms. Shirin Batliwala
Mr. Rajiv Gujral	Ms. Jyoti Narang
Mr. Ajoy Misra	Ms. Deepa Misra Harris
Mr. M. S. Kapadia	Ms. Renu Basu
Mr. Sumit Guha	Ms. Simi Chawla
Mr. Avijit Mitra	Ms. Sheila Nair
Mr. Jamshed S. Daboo	Ms. Abanti S.
Mr. Prakash Shukla	Mr. Maneck Patel
Mr. Pradip Rao	Mr. Franz Zeller
Mr. Raghunath Kale	Mr. Faisal Momen
Mr. K S Srinivasan	Mr. Ajay Row
Mr. Mohini Dutta	

### *Training and Education*

**LA9. Average hours of training per year per employee by category of employee. (E.g., senior management, middle management, professional, technical, administrative, production, and maintenance).**

#### **Figures for the year:**

<b>Category</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003 – 04</b>	<b>2004 – 05</b>
Senior management ( GMs, HOD's)	40 hrs	56Hrs	56Hrs	56Hrs
Managers	40 hrs	56Hrs	56Hrs	56Hrs
Supervisors	56 hrs	80Hrs	80Hrs	80Hrs
Staff	80 hrs	80Hrs	80Hrs	80Hrs
Skilled employees (those involved in production and maintenance)	80 hrs	120Hrs	120Hrs	120Hrs

### *Additional Indicator*

**LA16. & LA 17 : Description of programmes to support the continued employability of employees and to manage career endings & Specific policies and programmes for skills management or for lifelong learning.**

Some of the programmes undertaken by IHCL include:

- Business Excellence Champions Workshop
- Business Excellence Leaders Work shop
- The Art of Hospitality
- Certified Taj departmental trainers (Train the Trainer Workshops)
- Strategic Marketing Management workshops
- Strategic Finance Workshops
- Use of Quality tools.
- Process Mapping Workshops
- Team building
- Apprentice training program
- Fun learning through Quiz and other competitions
  
- Certification Modules
- Certification Vocational Modules
  - Front Office, F & B Service, Kitchen Foundation Module.
- Management development programs
- Heart of Hospitality programmes

The unit follows a system wherein every employee is expected to carry a Training Passport and have it updated as and when he undergoes any training. Additionally, transfer of skills and knowledge is reinforced through Cross Exposure Training Programme.

***Diversity and Opportunity***

**LA10. Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring. *Equal opportunity policies may address workplace harassment and affirmative action relative to historical patterns of discrimination***

The Tata Code of Conduct on Equal Opportunity provides the Policy Framework to address the issues. The Ethics Consellor process for raising and resolving concerns pertaining to TCOC clauses, described hereunder provides the mechanism for ensuring compliance and monitoring the same.

As per the directive of the Supreme Court and the Policy formulated by the Corporate office, a Sexual Harassment Committee has been formed with an external NGO member and meetings held on a regular basis. Regular session of Sexual Harassment policy is held and is part of the induction module for the new staff.



**Case Study: Ms. Shirin Batliwala Vice –(Food & Beverage) Indian Hotels Company Limited.**

I joined IHCL in 1970, as a graduate trainee in the F&B dept. at a time when women were assigned only Housekeeping Duties.

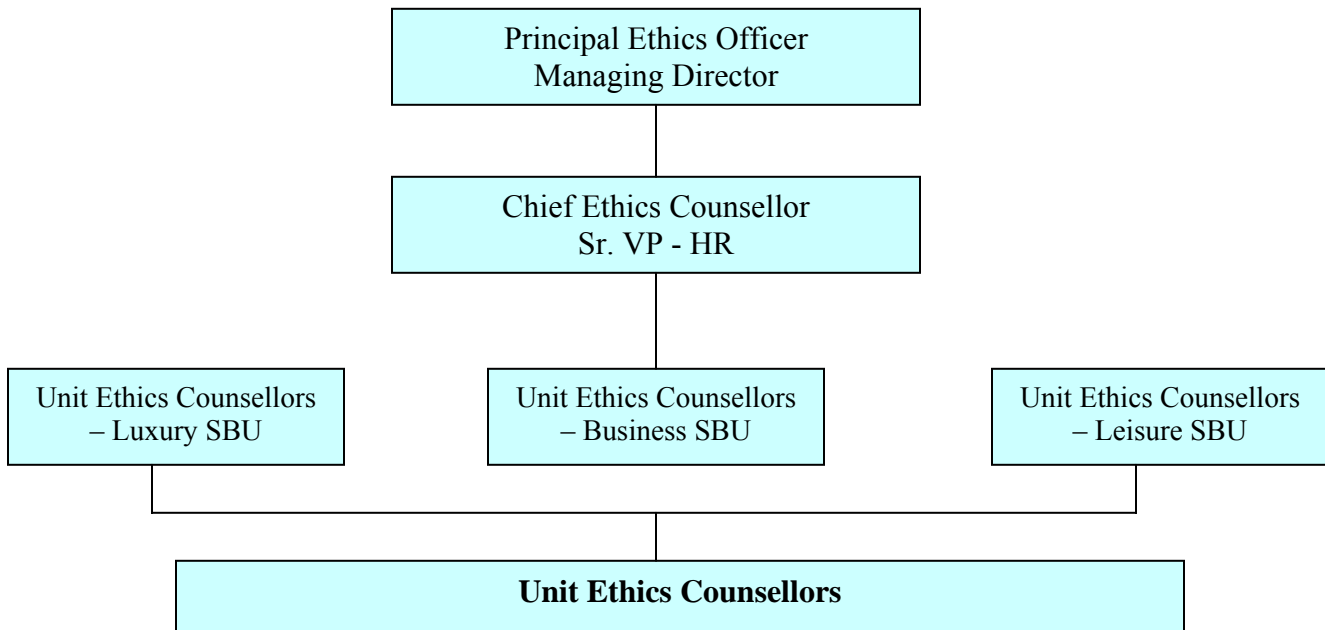


From being one of the first trainees in the banquet Dept. to the first women F&B Manager in the country to the first women General Manager of a major Property, Ms. Batliwala’s career is embellished with such achievements. “Its been smooth sailing for me , thanks in no small part to the fact that IHCL fosters a conducive Environment.

“when ability instead of position commands respect gender becomes irrelevant. Your staff must recognize and be convinced of your competency. That done, being a women makes no difference.

The Taj People Philosophy also echoes the sentiments of equally opportunity and fair play.

**TATA CODE OF CONDUCT COMPLIANCE STRUCTURE**



All units have a Unit Ethics Counselor.

1. Principal Ethics Officer is responsible for:
  - ❑ Providing support to the process and ensure compliance
  - ❑ To keep Corporate Assurance Group informed of developments relating to Code of Conduct.

2. Chief Ethics Officer is responsible for:
  - ❑ Overall Compliance
  - ❑ Reporting to the Principal Ethics Officer
  
3. Unit Ethics Counselors at various units are responsible for:
  - ❑ Unit level Compliance
  - ❑ Managing Concerns raised
  - ❑ Reporting to the Chief Ethics Officer

The number of concerns raised and resolved in the year included

Year	No. of concerns outstanding from last year	No. of concerns raised during the year	Number of concerns resolved during the year
2003	NIL	23	23
2004	NIL	25	22

Primarily the increase in concerns reported are viewed as a healthy sign of awareness of the Tata Code of Conduct and an open work culture where employees view ethical code of conduct as essential pre requisite for conducting business.

## Human Rights

### *Strategy and Management*

**HR1. Description of policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results. State how policies relate to existing international standards such as the Universal Declaration and the Fundamental Human Rights Conventions of the ILO.**

Human Rights is enshrined in the Constitution of India and enabled through the entire legal framework. India being a signatory to the ILO Convention, the legal framework is designed to address the issues under ILO Conventions. IHCL by virtue of being a signatory to the TCOC, complies with the TCOC Regulatory Compliance Code which is an articulation of IHCL's policy in this and as regards complying with regulatory requirements.

**HR2. Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors.**

All suppliers/ contractors and vendors of Taj Group undertake to follow the provisions of Tata Code of Conduct which addresses the Human Rights impact as described in HR1.

**HR3. Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of**

**monitoring. “Human rights performance” refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators.**

While there is as yet no mechanism to evaluate and address Human Rights issue across the supply chain, the company has a process to ensure protection of Human Rights on all contractual services procured particularly especially where the company is the principal employer.

**HR8. Employee training on policies and practices concerning all aspects of human rights relevant to operations. Include type of training, number of employees trained, and average training duration.**

No specific training in this regard is undertaken. Though at the time of induction, employees are made aware of the Disciplinary Practices and Grievance redressal procedure as well as are provided training in TCOC.

### *Non-discrimination*

**HR4. Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.**

The Equal opportunity policy as described at LA10 above provides the policy, compliance and monitoring framework.

#### **Case Study: Mr. Helmut Meckelburg, Area Director-Operations- Goa**

IHCL takes care of all its stakeholders, including its shareholders and employees. During my association with IHCL since the past 4 years, I have found the IHCL culture extremely transparent and ingrained with high integrity.



Although not many foreign nationals are employed here, the organization has already a good beginning. With our forays into the international markets, these numbers are sure to rise.

According to industry standards, IHCL does have a good female/male ratio; but strengthening it further will be a big challenge. However, I am hopeful that this will change because the future looks very positive.

### *Freedom of Association and Collective Bargaining*

**HR5. Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.**

Freedom Of Association is enshrined in the Constitution of India and enabled through several acts primary amongst which is the Trade Union Act. Additionally, India as a member of the United Nations is required to observe adherence to all ILO Conventions. The National Interest and Regulatory Compliance clauses of TCOC clearly require IHCL to comply with all applicable regulatory requirements. There is though no articulation as yet of a policy by IHCL which is independent of Local Laws.

*Child Labour*

**HR6. Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.**

The Regulatory Compliance Code of TCOC provides the policy framework and the process for ensuring compliance as also monitoring remains the same as described at LA10. Moreover, a birth certificate is sought as proof of age at the time of employment and it is ensured that no person under the age of 18 years is employed.

*Forced and Compulsory Labour*

**HR7. Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring. See ILO Convention No. 29, Article 2.**

The Regulatory Compliance Code of TCOC provides the policy framework and the process for ensuring compliance as also monitoring remains the same as described at LA10.

*Disciplinary Practices*

*Additional Indicators*

**HR9. Description of appeal practices, including, but not limited to, human rights issues. Describe the representation and appeals process.**

Disciplinary action is taken as per the Industrial Employment Act. An employee against whom an inquiry is to be held is given a charge-sheet stating the charge leveled and asking him to give an explanation. He may also be suspended during the enquiry. He can appear himself; for defence or shall be permitted to be defended by a workman working in the same department as him or by an

office bearer of a trade union of which he is member. He shall be permitted to produce witness in his defence and cross examine the witness of the management. The inquiry officer shall record a concise summary of the evidence led on either about the charge.

**HR10. Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights).**

- Employee having a grievance will report to the immediate Supervisor/ Manager with a copy to the Manager- HR and the GM- Corporate HR
- The immediate supervisor/manager should take action on the same within 24 hours of reporting of the grievance.
- IF the grievance is not sorted out within 24 hours or it is beyond the authority of the supervisor to handle it, the same has to be taken up with the HOD
- The HOD has to take action on the grievance received and communicate the same to the concerned employee. If the HOD is unable to sort out the grievance within 24 hours, the same has to be brought to the notice of HR Manager.
- If required, the HOD can jointly with the HR Manager address the grievance
- The HR Manager on receipt of the grievance shall action the same and communicate the course of action to the concerned employee within 24 hours.
- In case the HOD and the HR Manager feel that the matter is of very serious nature, the same has to be taken up with the GM/Functional Head of the unit
- All grievance have to be recorded in the Grievance Redressal form. The form shall be made available in all the departments/outlets. The filled up forms should be sent to the HR Departments for records.
- A quarterly report on the grievances received and actioned in the units should be sent to GM-Corporate HR for information and records.
- If the nature of grievance needs the intervention of Corporate HR, it will be the responsibility of the Unit GM/ Functional Head to ensure that the grievance is brought to the notice of GM-Corporate HR for further action.

***Security Practices***

**HR11. Human rights training for security personnel. Include type of training, number of persons trained, and average training duration.**

No specific training on Human Rights is provided to the Security Personnel. A need in this regard shall be assessed and appropriate action taken.

***Indigenous Rights***

**HR12. Description of policies, guidelines, and procedures to address the needs of indigenous people. This includes indigenous people in the workforce and in communities where the organization currently operates or intends to operate.**

The National Interest Clause of TCOC provides the policy framework for addressing this issue.

**HR13. Description of jointly managed community grievance mechanisms/authority.**

There are as yet no jointly managed community grievance mechanisms.

**HR14. Share of operating revenues from the area of operations that are redistributed to local communities.**

This is not being monitored but the same shall be monitored and reported in subsequent reports.

**Society**

**SO 1. Description of policies to manage impacts on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.**

**Description of policy to manage impacts on communities in areas affected by activities: -**

Indian Hotels Company recognizes that its operations have several beneficial as well as adverse impacts on the community. We proactively make efforts towards conducting our business in a responsible way so that that our communities are not impacted negatively. At the same time, in order to contribute to our communities, we have formulated a Taj Community Development Policy as well as instituted several projects to address the specific needs of community groups. These have been further described below.

**Taj Community Development Philosophy**

The Taj Group of Hotels is deeply committed to serving the Community. We recognize that the community is not just another stakeholder in Our businesses, but serving the Community is central to the core Values we adhere to in the Taj Group. We believe that being a good Corporate citizen significantly enriches our corporate purpose.

The Taj Group expresses this commitment through programmes evolved out of our core competency in hospitality management. We further believe that serving people in the form of corporate volunteering, not only revives the spirit of learning in the organization, but more significantly, offers its transformational benefits to the employee.

We therefore strive to constantly build our professional and Organizational capabilities to strengthen our outreach to the people, particularly the underprivileged.

**Our Values**

Community Commitment is one of the core values of the Taj Group as is also stated in The Taj Way – “We shall volunteer and commit ourselves to community development initiatives.”

**Leveraging our Strengths**

Indian Hotels Company has defined its key community on the basis of its core competency. The nature of the industry enables us to leverage the expertise in our hotels and units to provide the assistance to the key communities. Our Theme for 2004- 2005 has been “Building Livelihoods”. Comprehending the magnitude of the country we realize that different places have various needs with regard to their key community and that each region differs in its identification of Key Communities. In order to tackle this, we have developed a 2 pronged approach, where all the hotels and units are communicated to about the corporate theme and are encouraged to take up a local theme, as identified in the region that are functioning from.

The community philosophy is based on:

1. Corporate theme: Building Livelihood
2. Unit Theme: All the units are supposed to adopt/work with a local NGO/Agency/Trust and work towards the upliftment of the same.

Indian Hotels Company firmly believes in the maxim “**Give a man a fish and feed him for a day. Teach him how to fish and feed him for a lifetime**”. Thus we base our activities around “Employability”. This gives our employees a strong backing for volunteering and harnesses their strengths, to help and give assistance.

### **The Community Calendar**

Towards creating a more involved workforce, we have developed a calendar which chronicles important Global dates about which awareness needs to be spread in India. Units are encouraged to participate in these events.

Anti - Smoking day was celebrated on 31st May by Taj Residency Bangalore and Taj Residency Hyderabad
World Environment Day was celebrated at a large scale across all units on 5th June
International Youth Day was also celebrated on 12 <sup>th</sup> August at Taj Residency Bangalore
World Rural Women’s day was also celebrated with camps held on educating them on importance of hygiene and cleanliness on 15th October

### **Building Livelihoods**

#### **Paramparik Karigars:**

One of our main responsibilities is to keep alive the rich handicrafts tradition and culture of India Alive. Towards the theme of “Building Livelihoods”, the Taj Group has been focusing on developing the **Paramparik Karigars** (indigenous artisans) of India whose art is on the verge of dying out. This art has been a tradition and the culture and heritage of India and the Taj being synonymous for our customers.

Being aware that the wares and handicrafts of the artisans are going to be in demand in places that see a high influx of foreign tourists, we realize that this key community has a direct relationship with our industry.

The Taj group of Hotels not wanting to rest solely on the buying powers of the foreign tourists, also sources handicrafts from these artisans and uses them in units, where it matches with the ambience. Furthering this initiative, hotels in Jodhpur, Jaipur stepped forward and are using some of the handicrafts like Cushion covers and coasters produced by the artisans. Taj Lands End also purchases pots, and bowls from local artisans towards their development.

We also create awareness through the display of these items in our hotel by displaying them in the lobbies. Especially in Taj Residency Auragabad, an Bidri artisan was given space to display his wares near one of the restaurants. This enabled him to earn nearly Rs. INR 0.15 million

### **Moulding the Future**

For the underprivileged children, employability in their lives is contingent upon their receiving primary education, at a minimum. Underprivileged children have also been included in our key communities. Only when is the foundation strong, can they become adults who are self sustainable and be employable. In case they are the children of the karigars (as described above), providing them with education will give them an added benefit in keeping the lineage of the handicrafts alive.

Many of our properties are doing exemplary work as far as underprivileged children are concerned.

One of our Employees at Taj West End Bangalore has assisted a visually challenged boy with his education that has enabled him to not only top his college but pursue post graduation at Faculty of Management Studies (FMS) in New Delhi.

Computer Classes, English courses personality development classes are some of the other initiatives being conducted by our properties.

One of our units also takes care of the infrastructure of a crèche for the children of the economically challenged fishermen and stone crushers.

All our properties participate in these activities to create an awareness and address these key issues of the communities we live in.

Towards this purpose <b>Taj Land's End</b> purchases clay pots from local artisans for use in the restaurants. One of the artisans, who is our main supplier, earned nearly INR 39,000/- in four months.
--

Hotels in Rajasthan use the products made by these artisans in the hotels matching the ambience like coasters and cushion covers. A lac artist has earned upto INR 0.14 million in the last year as a result of his association with us.
--

Their wares are put on display at the lobbies so as to create an awareness amongst all the Guests.
--

Display of the wares in the lobby at Varanasi, have increased the sales of the local wooden artist to INR. 1000/- per day and during the peak season they earn upto INR 1800/- per day
--



Overall, the exposure leads to enhanced sales and therefore higher revenue for the artisan.

### **Employee Involvement : Community Through us**

We believe that the main change agent of any organization is its workforce. Our employees volunteer for working with these communities towards the achievement of projects in Community Development. We have in place the Community Development Action Group (CDAG) headed by senior management, who aligns the activities of the CDAG towards achieving the goals. The volunteers take part in initiatives according to the volunteering matrix (Annex 1) which helps them match their competencies and skill-sets, and then enables them to work effectively with those key communities.

### **Building livelihood for the Underprivileged: -**

Both in the forms of ladies and children, this is a major field needing attention. Keeping in line with our corporate theme, we train women for Housekeeping and bakery, to help them find some permanent solution to their problem rather than a temporary solution. Most of these initiatives were started in 2003, with the identification of our corporate theme of Building livelihoods.

- Schooling the deaf and dumb in basic hairstyling techniques
- Vocational training in the laundry department is provided for the underprivileged youth across all our properties. After the training, the laundry of the hotel is sent to them in Thekady, Kerala. 26 such people were absorbed in the various dept. at Taj Residency.
- Financial assistance is provided to 50 women to undergo a beautician course
- Kitchen training provide to underprivileged youth.
- Training for carpenter/plumber/electrician etc. provided to improve their competencies and skill sets., then they are given a job with the hotel.
- Provision of education to underprivileged children by either assisting them in teaching or through financial assistance. This is done through teaching them to read and write English or other local languages. This benefits at least 100 people.
- Conducting Interactive sessions for the children and students in association with Samarthanam trust and Enable India to increase their confidence levels
- Training in bakery and patisserie conducted for underprivileged women.
- Assistance was given in conduct of Computer training.
- Setting up of a bakery to provide training

Some examples of our building livelihood initiatives are:

- A ladies wing where a group of eight ladies involved in making snacks & pickles and the same is marketed and sold to the near by areas of their premises. At present we are buying snacks and pickles for our staff cafeteria as a part of empowerment of women.
- As a part of the Income Generation Scheme, with the help of our employees monthly income of ladies has jumped from INR 600/- to INR 2000/-.
- After the Bakery Training, Some of the ladies have joined a local bakery and some have opened their own bakery.

### **Tsunami Relief Committee**

The most important community initiative that was handled in the last quarter was bringing the life of the Tsunami stricken back on line. As a part of the TATA Relief Committee one day's salary of all the employees was contributed amounting to INR 0.76 million. Apart from the financial assistance, IHCL also volunteered by rebuilding and providing boats, fishing equipment, building homes/shelter as well as by extending relief measures such as, medical assistance, trauma management, drinking water supply etc. .

### **Donations**

- We are donating Books and stationary for children.
- Donate blankets to the home for the aged
- Daily donation of surplus food for the needy amongst People Living With HIV/AIDS (PLWHA)
- Donations made to Charities and orphanages.
- Alms also distributed to monks in Colombo- Sri Lanka
- Extensive Blood Donation Camps held at regular intervals.

### **Local Initiatives**

<i>SBU's – Local initiatives</i>		
<i>Leisure</i>	<i>Luxury</i>	<i>Business</i>
<i>Conducted camps for awareness of rain harvesting</i>	<i>Underprivileged children being trained in allied trades pertaining to Hotel operations over a period of 1 year.</i>	<i>Visit to an organization taking care of PLWHA</i>
<i>English speaking classes held for the ladies</i>	<i>Organised a polio camp</i>	<i>Adoption of a sheltering home for Children.</i>
<i>Maintaining infrastructures at the old age homes</i>	<i>Cleaning of the local environment</i>	<i>Part time jobs provided to women at staff cafeteria</i>
<i>Building Water stations in Jaisalmer</i>	<i>Saplings were distributed to all non resident guests</i>	<i>Repairing infrastructures of local institutions</i>

### **Monitoring systems and results of monitoring:**

Monitoring systems for all community initiatives carried out and the results achieved have been well-established at all divisions of IHCL.

All the initiatives taken and the work completed is culled monthly to keep track of volunteer involvement. Monthly, the following data is collated for across the different Properties.

- Minutes of the Monthly CDAG Meeting.
- Employee Involvement in terms of hours.

Annually, the success of all Community Initiatives is evaluated annually using the following four measures in addition to the Tata Index for Sustainable Human Development report which is reported as an additional indicator:

1. The number of persons from the Key Community that have benefited from the Community initiatives of the Company (no. of beneficiaries)
2. The number of employees that have participated in community initiatives (no. of Taj Volunteers)
3. The contribution of employees in terms of time (no. of volunteering hours)
4. Number of causes that the hotel has supported.
5. Expenses in terms of all initiatives for the past year.

No. of Volunteers		No. of Volunteering Hours	No. of beneficiaries
All	2724	306035	18300
Luxury	1046	10115	13512

Among many standardized templates which are used across the organization, the NGO feedback form and the Beneficiaries feedback form are the two forms which are extensively used by all Taj units to tap feedback from the community based on the projects carried out. This feedback is constantly sought and meticulously maintained. The feedback is made use of while planning future projects into the community.

### **The Road Ahead**

Diversifying the role in our community initiatives we are also focusing on Waste Management . Realizing our responsibility towards the environment we are in the process of setting up a waste management unit which will not only be environmentally friendly but also support ancillary industries and provide employment. This project is being planned in Mumbai.

The Approximate cost of setting the entire project is approx. INR 0.4 million with a recurring expense of INR 70,000 per month. It will not only generate employment but also benefit the local farmers etc.

A training centre for women is also on the anvil where short courses are gong t be held for the women in order to train them in some basic arts.

### **ADDITIONAL INDICATOR:**

### **TATA INDEX FOR SUSTAINABLE HUMAN DEVELOPMENT – LUXURY DIVISION OF THE TAJ GROUP OF HOTELS**

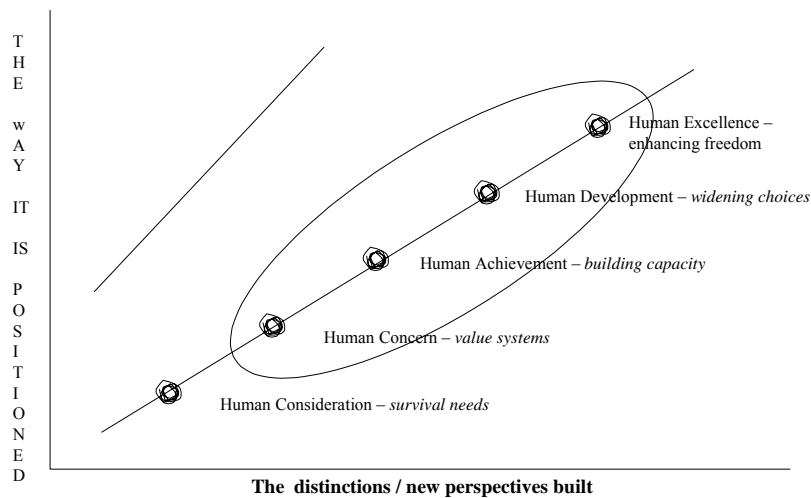
*“The Tata Index for Sustainable Human Development” developed by the Tata Council for Community Initiatives: - The Human Development Index (HDI) is a framework correlating Tata Business Excellence Model & UNDP’s Human Development Index. It is an instrument for Self Evaluation & Assurance best suited to acknowledge social initiatives. It encourages and focuses effort on building more trust in the communities. The Tata Index is a tool to put down measures for the levels of ‘Human Excellence’ achieved in social programs.*

The Tata Index for Sustainable Human Development (developed by the Tata Council for Community Initiatives) that follows the self-evaluation method of providing ‘Assurance’ is implemented at all Luxury hotels. The Human Development Index (HDI) is a framework correlating Tata Business Excellence Model & UNDP’s Human Development Index, it is a tool to put down measures for the levels of ‘Human Excellence’ achieved in social programs. The HDI assessment happens at three levels viz. Systems level; People level and Program level the total scoring of which is on 1000.

A cross-functional team comprising of the Community Facilitator; a TBEM expert; an HR expert and an environmental facilitator from each Luxury Unit evaluates all key projects (using the top sheet format suggested by TCCI). All the scores are converged by the core team at the Corporate level to arrive at one final score for the organization.

## HUMAN EXCELLENCE

A TATA program is a Journey towards Human Excellence



### SO4. Awards received (external as well as internal) relevant to social, ethical, and environmental performance

- Taj West End won 2<sup>nd</sup> runner up of FHRAI awards(External)

### GOs Partnered with during our initiatives

Name of the Unit	Local Agency Partnered with
Taj View Hotel- Agra	Mother Teresa
	SOS Wildlife
Taj Residency – Calicut	Govt Fisheries School Vellayil
	Blind Rehabilitation Centre
	2 Vincent Home for Orphans
	Corporation of Calicut
	URAVA - A charitable Society
	Kudumbashree Sangham
Taj Lake Palace - Udaipur	INSIGHT- An Organisation for Visually Challenged
	Anath Ashram
Taj Garden Retreat- Chikmagalur	Chikmagalur Rotary & Innerwheel Trust - Chikmagalur
	Jeevan Sandhya Old Age home

<b>Taj West End</b>	Samarthnam Trust for the Disabled
	Bangalore Mahanagare Palike
	Mythri Sarva Seva Samsthe
<b>Taj Residency - Bangalore</b>	FIDES
	Little Sister of the Poor
	Paramparik Karigar
	Association of People with Disability
	CREST
	Novodhiny Orphanage
	St Mary's Orphanage
	Infant Jesus Home of Poor
	Each One Teach One Charitable Foundation
	Kalika -For upliftment of women and children
	Infant Jesus Charity Home
<b>Taj Krishna</b>	Little Sisters of Poor - Aged home
	Red Cross
	Cuinary Association of AP
<b>Taj Mahal - New Delhi</b>	Katha Khazana
	Father Agnel Bhavan
	Red Cross Society
	Cancer Patient Society
	Sikand Action Aid
	Prayas Bharat Blind School
	Bharat Blind School
<b>Taj Garden Retreat - Kumarakom</b>	Sree Narayana Charitable Trust
	Gramalakshmi Unit
	Ayalkoottam
<b>Taj Residency - Lucknow</b>	Manisha Mandir
	Dayanand Bal Sadan
	Lilavati Bal Nirashrit Girha
<b>Rambagh</b>	Apna Ghar
	Awaz
<b>Taj Lands End - Mumbai</b>	Zakharia Ismail Galwani
	Dharavi Kumbharwada
	V Care
<b>Taj Garden Retreat - Thekkady</b>	Manakkavala
	Mount Society
	Vattakandam
<b>Taj Residency - Umed</b>	SEWA
<b>Taj Garden Retreat - Varkala</b>	Ashrya
<b>Taj Bengal</b>	IPER
<b>Taj Residency - Hyderabad</b>	Paramparik Karigar
	Hyderabad Council of Human Welfare- AP
	Don Bosco Naajeevan Bala Bhavan
	Freedom Foundation
	Red Cross
	MVF Organisation
<b>Taj Samudra</b>	Sisters of Charity

Sr. No	Competence in Hospitality Management	Examples of what we can specifically do.....
1.	Surplus Food	Distribute surplus food, the quality of which has been certified to Charitable Homes
2.	Food Production	Conduct classes for youth & women in the slums towards Self-employment.
3.	Kitchen Management	Provide guidance to kitchen staff in: <input type="checkbox"/> Charitable Homes <input type="checkbox"/> Hospitals <input type="checkbox"/> Remand Homes and Prisons
4.	Housekeeping	Training to: <input type="checkbox"/> Home-makers in slum areas <input type="checkbox"/> Persons maintaining Charitable Homes
5.	Social and Communication Skills	Interact with: <input type="checkbox"/> Youth in slums <input type="checkbox"/> Street Children <input type="checkbox"/> Children in CharitableHomes
6.	Event Management	Organize: <input type="checkbox"/> Community celebrations of festivals <input type="checkbox"/> Celebrations within Institution

### *Bribery and Corruption*

**SO2. Description of the policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption. Include a description of how the organization meets the requirements of the OECD Convention on Combating Bribery.**

The TCOC at Clause 5, provides a clear articulation of IHCL's policy on Bribery and Corruption. The same is implemented and monitored as per the process described at LA10. IHCL is also a signatory to UN Global Compact whose tenth principle addresses Bribery and Corruption.

### *Political Contributions*

**SO3. Description of policy, procedures/management systems, and compliance mechanisms for managing political lobbying and contributions.**

The TCOC at Clause 7, provides a clear articulation of IHCL's policy on Political Contributions. The same is implemented and monitored as per the process described at LA10.

**SO5. Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates.**

In compliance with the TCOC clause above, no political contribution was made during the year.

### *Competition and Pricing*

**SO7. Description of policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behavior.**

The TCOC at Clause 3, provides a clear articulation of IHCL's policy on Competition. The same is implemented and monitored as per the process described at LA10.

The TCOC clauses are provided underneath for reference :

## **Provisions of Tata Code of Conduct**

### **National interest**

A Tata company shall be committed in all its actions to benefit the economic development of the countries in which it operates. It shall not engage in any activity that adversely affects such an objective. It shall not undertake any project or activity to the detriment of the nation's interests, or those that will have any adverse impact on the social and cultural life patterns of its citizens. A Tata company shall conduct its business affairs in accordance with the economic, development and foreign policies, objectives and priorities of the nation's government, and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level, as appropriate.

### **Financial reporting and records**

A Tata company shall prepare and maintain its accounts fairly and accurately in accordance with the

accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the company's business transactions and disposition of assets. All required information shall be accessible to company auditors and other authorised parties and government agencies. There shall be no wilful omissions of any company transactions from the books and records, no advance income recognition, and no hidden bank account and funds.

Any wilful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

### **Competition**

A Tata company shall fully strive for the establishment and support of a competitive, open market economy in India and abroad, and shall cooperate in efforts to promote the progressive and judicious liberalisation of trade and investment by a country. Specifically, a Tata company shall not engage in activities that generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

A Tata company shall market its products and services on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of business and shall be obtained only through legally permitted sources and means.

### **Equal-opportunities employer**

A Tata company shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and disability. Employees of a Tata company shall be treated with dignity and in accordance with the Tata policy of maintaining a work environment free of sexual harassment, whether physical, verbal or psychological.

Employee policies and practices shall be administered in a manner that ensures that in all matters equal opportunity is provided to those eligible and that decisions are based on merit.

### **Gifts and donations**

A Tata company and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, a Tata company and its employees may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events.

### **Government agencies**

A Tata company and its employees shall not offer or give any company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

### **Political non-alignment**

A Tata company shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. A Tata company shall not support, directly or indirectly, any



specific political party or candidate for political office. The company shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

### **Health, safety and environment**

A Tata company shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. A Tata company shall be committed to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

### **Quality of products and services**

A Tata company shall be committed to supplying goods and services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the company's goods and services should meet the required national standards, and the company should endeavour to achieve international standards.

### **Corporate citizenship**

A Tata company shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of making them self-reliant.

Such social responsibility would comprise: initiating and supporting initiatives in the field of community health and family welfare, water management, vocational training, education and literacy, and encouraging the application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities.

The company shall also not treat these activities as optional ones, but shall strive to incorporate them as integral part of its business plan. The company shall also encourage volunteering among its employees and help them to work in the community. Tata companies are encouraged to develop social accounting systems and to carry out social audits of their operations.

### **Cooperation of Tata companies**

A Tata company shall cooperate with other Tata companies by sharing physical, human and management resources as long as this does not adversely affect its business interests and shareholder value.

In the procurement of products and services, a Tata company shall give preference to another Tata company as long as it can provide these on competitive terms relative to third parties.

### **Public representation of the company and the Group**

A Tata company shall honour the information requirements of the public and its stakeholders. In all its public appearance with respect to disclosing company and business information to public constituencies such as the media, the financial community, employees and shareholders, a Tata company or the Tata Group shall be represented only by specifically authorised directors and employees. It will be the sole responsibility of these authorised representatives to disclose information on the company or the group.

### **Third-party representation**

Parties which have business dealings with the Tata Group but are not members of the group, such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorised to represent a Tata company if their business conduct and ethics are known to be inconsistent with this code.

### **Use of the Tata brand**

The use of the Tata name and trademark owned by Tata Sons shall be governed by manuals, codes and agreements issued by Tata Sons. The use of the Tata brand is defined in and regulated by the Tata Brand Equity & Business Promotion Agreement.

### **Ethical conduct**

Every employee of a Tata company, including whole-time directors and the managing director, shall deal on behalf of the company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties.

### **Group policies**

A Tata company shall recommend to its board of directors the adoption of policies and guidelines periodically formulated by Tata Sons.

### **Shareholders**

A Tata company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The board of directors of a Tata company shall duly and fairly inform its shareholders about all relevant aspects of the company's business, and disclose such information in accordance with the respective regulations and agreements.

Every employee shall be responsible for the implementation of and compliance with this code in his or her professional environment. Failure to adhere to the code could attract the most severe consequences, including termination of employment.

### **Regulatory compliance**

Every employee of a Tata company shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the code shall prevail.

### **Concurrent employment**

An employee of a Tata company shall not, without the prior approval of the managing director of the company, accept employment or a position of responsibility (such as a consultant or a director) with any other company, nor provide 'freelance' services to anyone. In the case of a whole-time director or the managing director, prior approval must be obtained for providing such services from the board of directors of the company.

### **Conflict of interest**

An employee of a Tata company shall not engage in any business, relationship or activity which might detrimentally conflict with the interest of his company or the Group. A conflict of interest, actual or potential, may arise where, directly or indirectly:

- an employee of a Tata company engages in a business, relationship or activity with anyone who is party to a transaction with his or her company;
- an employee is in a position to derive a personal benefit or a benefit to any of his or her relatives by making or influencing decisions relating to any transaction;
- an independent judgement of the company's or Group's best interest cannot be exercised.

The main areas of such actual or potential conflicts of interest would include the following:

- Financial interest of an employee of a Tata company or his relatives, including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Tata company. (The ownership of up to 1 per cent of the subscribed share capital of a publicly held company shall not ordinarily constitute a financial interest for this purpose.)
- An employee of a Tata company conducting business on behalf of his or her company, or being in a position to influence a decision with regard to his or her company's business with a supplier or customer of which his or her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative.
- Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee of a Tata company, where such an individual is in a position to influence the decision with regard to such benefits.
- Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with his or her company.

Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his or her immediate superior, who shall forward the information along with comments to the person designated for this purpose by the MD/CEO, who in turn will place it before the MD/CEO and/or the board of directors/executive committee appointed by the board and, upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve/avoid the conflict.

If an employee fails to make a disclosure as required herein, and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee, the management shall take a serious view of the matter and consider suitable disciplinary action against the employee.

#### Securities transactions and confidential information

An employee of a Tata company and his or her immediate family shall not derive any benefit or assist others to derive any benefit from access to and possession of information about the company or the Group, which is not in the public domain and thus constitutes insider information.

An employee of a Tata company shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the respective Tata company on which such insider information has been obtained.

Such insider information might include the following:

- acquisition and divestiture of businesses or business units;
- financial information such as profits, earnings and dividends;
- announcement of new product introductions or developments;
- asset revaluations;
- investment decisions/plans;
- restructuring plans;
- major supply and delivery agreements;
- raising finances.

### **Protecting company assets**

The assets of a Tata company shall not be misused but shall be employed for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

### **Citizenship**

An employee of a Tata company shall in his or her private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the company or the Group.

### **Integrity of data furnished**

Every employee of a Tata company shall ensure, at all times, the integrity of data or information furnished by him or her to the company.

### **Reporting concerns**

Every employee of a Tata company shall promptly report to the management any actual or possible violation of this code, or an event he or she becomes aware of that could affect the business or reputation of his/her or any other Tata company.

## List Of Abbreviations

Abbreviation	Full Form
A/c	Air- Conditioning
B.Sc	Bachelor Of science
BE-BP	Brand Equity and Business Promotion
BRC	Business review Committee
BSC	Balance score card
CBSTS	Conferences and Banquets Satisfaction Tracking System
CDC	Career Development Committee
CEO	Chief executive officer
CFL	Compact Fluorescent Light
CFO	Chief Financial Officer
CFTS	Cross Functional Teams
CIS	Customer Information System
COE	Center of Excellence
COO	Chief Operating officer
CQD	Cost, Quality and delivery
CRS	Central Reservation System
CRZ	Coastal Regulatory Zones
CS	Corporate Sustainability
CTD	Corporate Training and Development
DG	Deisel Generator
DW	Data Warehousing
E&I	Evaluation and Improvement
ED	Executive Director
EDIFAR	Electronic Data information
EIA	Environment Impact Assessment
ESTS	Employee Satisfaction Tracking System
ETP	Effluent treatment Plant
EVA	Economic Value Added
F&B	Food and Beverage
FEMA	Foreign Exchange Management Act
FFIT	Foreign Free Individual Traveler
FO	Furnace Oil
GDP	
GDS	Global Distribution System
GHG	Green House Gas
GJ	Giga Joule
GM's	General Managers
GRI	Global Reporting Indicator
GSTS	Guest Satisfaction Tracking System
HOD	Head of Department

HSD	High Speed Diesel
IEPF	Investor Education and Protection Fund
IHCL	Indian Hotels Company Limited
INR	Indian Rupee
IT	Information Technology
JRD- QV	Jehangir Ratanji Dadabhoy Quality Value
KL	Kilo Litre
KM	Knowledge Management
KRA's	Key Result Areas
Kwh	Kilo watt Hour
LDO	Light Deisel oil
LIC	Life Insurance Of India
LPG	Liquified Petrolueum Gas
LRQA	Lloyds Register Quality Assurance
MBA	Management in Business Administration
MD	Managing Director
MDG	Millennium Development Goals
MJ	Mega Joule
NCPA	National Center for Performing Art's
NG	Natural Gas
NGO	Non- Government Organization
NOX	Nitrous Oxies
ODS	Ozone Depletion Substances
P2E	Pledge to Excel
PIT's	Process improvement Teams
PR	Personal Realtions
PUC	Pollution Under control
RFI	Request for Information
SBU	Strategic Business Units
SCm	Standard Cubic Meter
SEBI	Securities and Exchange Board of India
SLA	Service Level Agreement
SOX	Sulphur Oxides
SPM	Suspended particulate Matter
STARS	Special Thanks and Recognition system
STP	Sewage Treatment Plant
TAS	Tata Administrative Services
TBEM	Tata Business Excellence Model
TCCI	Tata Council for community Initiatives
TCOC	Tata Code of Conduct
TLH	Taj Luxury hotels
TMP&T	Taj Mahal Palace and Towers
UTI	United Truat Of India
VP	Vice President
WAN	Wide Area network

