

Employee Investments



At Tata Chemicals, we strongly believe that People are central to the Company's transformation agenda and a crucial enabler in its journey of becoming a global organisation. At TCL, we have always tried to align HR Strategies around workforce attraction, retention and workforce development with the company's overall strategy. In line with this, we

have launched various activities and initiatives across TCL as a part of "Wellness Initiatives". These initiatives have been very well-received and have created a considerable impact in the minds of employees. The employee engagement scores (Fig. Ei-01) have shown significant positive trends in overall measures, team climate, leadership & culture amongst

others (Fig. Ei-02, 03). There has been a marginal dip in the NM scores predominantly because of an on going LTS which was due in that year, however the Team Climate scores have improved over previous years for NM. The committed workforce at TCL is the strategic advantage we build our present and future business on.(Fig. Ei-04)

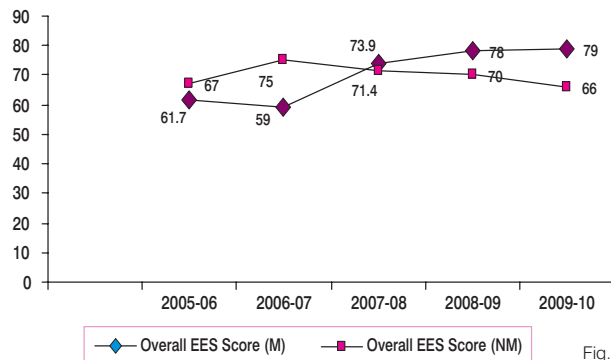


Fig. Ei-01

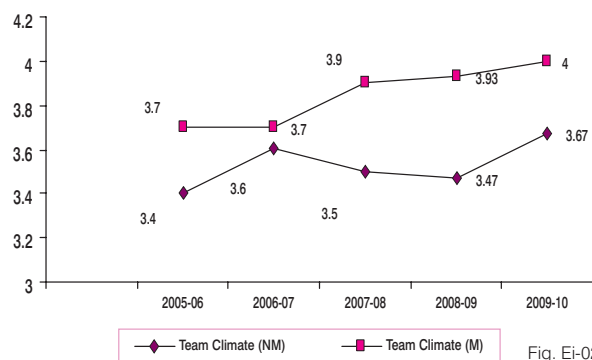


Fig. Ei-02

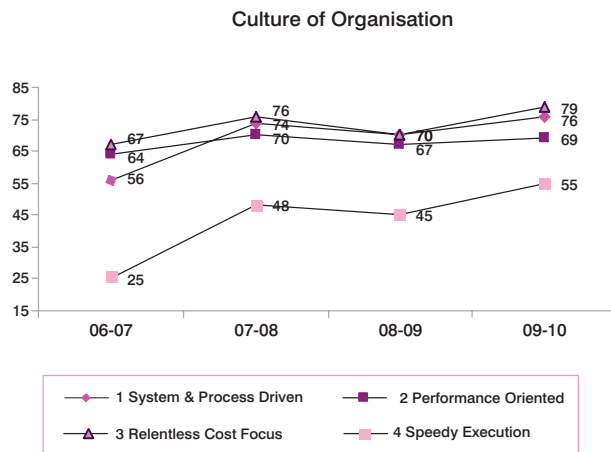


Fig. Ei-03

	2008-09	2009-10
I see a bright future for Tata Chemicals	82	84
I have confidence in the ability of the leadership to successfully manage the emerging challenges	83	87
I believe that the top management has been effective in setting a direction for Tata Chemicals	83	87
I believe that the top management communicates effectively	75	82
I believe that the top management actively invites feedback from other managers	70	75
I believe that the top management has created a competent next rung of leadership at Tata Chemicals	68	72
I believe that the top management has been successful in creating a positive frame of mind among employees	68	73

Fig. Ei-04

Our People:

TCL had 3210 employees in India & 1446 employees overseas totaling to 4656 employees as on 31st March 2010. The company had 1341 nos. of other Directly Supervised Employees (ODSCE) as on 31st March 2010. The company is structured around four Strategic Business Units (SBU) 1) Chemicals 2) Consumer Products 3) Crop Nutrition 4) Agribusiness. New business opportunities have been identified in the Biofuels on a global scale. The TCL Innovation Centre was created in 2004 to develop a world-class R&D capability in new knowledge-based products, cutting-edge technologies and emerging areas of nanotechnology & biotechnology. Our employee segments are shown in (Fig. Ei-05)

Employees Tata Chemicals

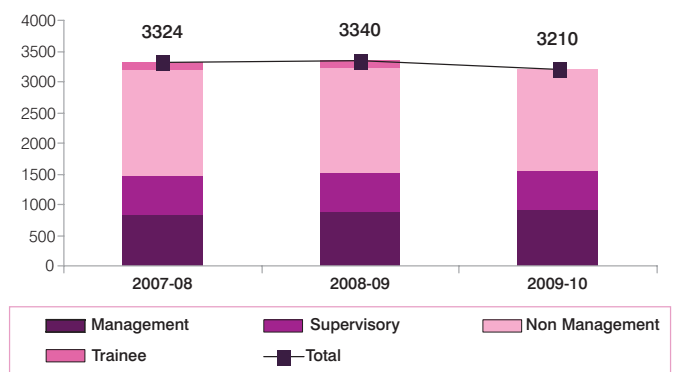


Fig. Ei-05

and segment wise requirements and expectations of the workforce have been identified and prioritized using the QFD technique. We have recognized unions of workmen at Mithapur and Haldia. The employees at Babrala are not of the category that is covered by ID act to qualify for bargainable category. We have established transparent policies programs and facilities

that are common across segments. We have established other avenues where employee concern are addressed locally. The “awaz” program is one such innovative initiative that facilitates redressal of concerns. We have a history of excellent industrial relations, assisted by innovative employee welfare schemes. A matter of fact is that TCL won the coveted FGIAE (Federation of Gujarat Industries Award

for Excellence) award 2008 for the Mithapur Site having the best industrial relation. We place high emphasis on health and safety of our employees, their families and the larger surrounding community, guided by a well-articulated Safety, Health and Environment policy. (Fig. Ei-06)

Facilities, Policies & Services	Segments	Trigger for E&I	Recent Changes
Housing Facilities	M, O, W (at Townships)	QFD, Awaaz, Communication Meets	Housing Infrastructure Development Project
Annual Medical check-ups	All	Year of People, QFD	Health Index - all Sites. Tie-up with Major Hospitals for Non-Sites
Emergency Support - Infrastructure Support, Hospital	All	Communication Meet	Changes in Policy
Educational - Primary and Higher Secondary School, Library	M, O, W (at Townships)	Awaaz, QFD, Communication Meet	Udaan Wave for Mithapur School
Recreation Facilities - Clubs, Gyms, Sports & cultural events	M, O, W (at Townships)	Awaaz, QFD, Communication Meet	
Canteen Services	All	Awaaz, QFD, Communication Meet	
Ergonomic Surveys	All		Survey Findings completed
Transport - Bus / Car Services / Travel Reimbursements	M, O, W (at Townships)	Communication Meet, Process Review	Changes in Travel Policies
Counselling for employees opting for ESS, Outplacement services	All Employee Segments		
Perks / Business - Housing, Car, Mobile, Laptop, AC	All Employee Segments	Awaaz, QFD, Communication Meet	Changes in Car, Mobile, Laptop and Data Cards Policy
Retirement Benefits - Gratuity greater than statutory requirement	All Employee Segments	Co. Policy	Superannuation Encashment and other Options
Health Insurance	All Employee Segments	Awaaz, QFD, Communication Meet	Amendments in Medical Schemes
Leave Fare Assistance	M, Sc, O, FS		
Uniform	M, O, W (at Townships)	Awaaz	Changes in Uniform Policy
Loans - Finances at discounted rates	All Employee Segments	Awaaz	Changes in Uniform Policy
Children Education - Scholarship & grants for +2 students	M, O, W (at Townships)		
Ethics - CoC Guidelines, Anti-Sexual Harassment, AIDS Policy	All		
Location & Profession based allowances	All Employee Segments	Awaaz, Communication Meet, LTS	Changes in Allowances
Safety, Health and Environment	All		New Practices under SHE

Hiring and Career Progression:

Based on inputs from its LTSP, BSC, SDM, and Annual Business Plans and from process like succession planning, the SBUs and SS functions draw up the manpower requirements for planned projects/expansions and turnovers. TCL has in place a sourcing strategy for each of its employee segments and is an equal opportunities employer. Due to change in sourcing strategy, the attrition rates have come down. Change in strategy of recruiting from N-E Region, Tier II and Tier III colleges, and ex-servicemen from the Defence Forces has ensured better retention in the overheated job market. The management attrition has come down from 17.09% in 07-08 to 7% in 09-10. (Fig. Ei-07)

We ensure diversity in our workforce by hiring through national search (for management cadre) and regional search (for non-management cadre). In addition, we leverage the socio-regional diversity to our advantage. For example, the workforce employed in the salt works near Mithapur is from a traditional sea-faring community. Succession planning is a robust process at TCL and this is done for all key positions. We have deployed processes like Talent Review, EGS, & Competency

Mapping which helps us identify high potential employees. Fig. Ei-08 below gives us details about the segment wise career progression approaches.

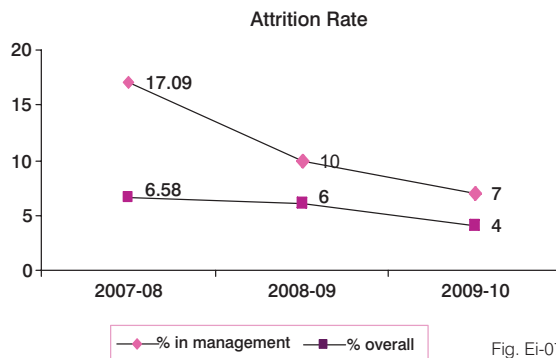


Fig. Ei-07

Employee profile	Performance Evaluation System	Supporting High Performance	Supporting Workforce Engagement	Career Progression & Method
Management	e-PMS	Stretch Goals, Offline discussions & Feedback, PLVP Compensation corrections	Alignment of individual goals to BSC, Achievement Goals, Joint goal setting, Rating System, Training & Dev.	Succession Planning, Talent Review, Competency mapping, EGS, Promotions, Job Rotations, Deputations
Scientists	e-PMS	Do	Do	Talent Review, Support to develop IP & patents, Cross Specially Projects, major project milestones
Officers	Group Performance based on yearly targets	Group Based PLVP, Increments, Promotions	Team Goals Setting, Targets R & R for safety, Productivity	Promotions, Skill Enhancement, Sup-EGS Fast Track, SPUR SDP
Field Staff	Annual Performance Appraisal	PLVP, Increments, Promotions	Sales Targets R & R for targets	Job Rotations
Workmen	Based on productivity increase mobility, Absenteeism,	Increments, team incentives based on cost, quality, safety and attendance, Long-term settlement	Provision of resources to achieve Targets on Cost, Quality, Safety and attendance, R & R for safety, Productivity	Multi-skilling, OCP, Trade Tests leading to promotion based on performance & Organisational Needs
Trainees (GET/MT)	Project Based assessment	Confirmation based on review, Learning Incentives	Challenging assignments & Projects	Confirmation to management cadre. Opportunity to work with Functional heads
ODSCE	Performance Evaluation based on Quality, Safety, House keeping, Time targets.	Piece-rated payouts	Performance Dialog Output Targets, R & R for safety, Productivity	Continuity of employment; Confirmation based on Performance & Organisation Needs

Fig. Ei-08

Child Labour, Forced & Compulsory Labour

TCL does not employ child labour in any of its operations across all geographies. We maintain all necessary documentation regarding age and conduct medical tests, as part of the recruitment process. In case of

indirect employment, TCL has controls built into its contracts with third parties on non-employment of child labour as part of the terms and conditions. We have mechanisms to take care of any

violations, like the Grievance Redressal Committee and Ethics Counselors. TCL supports the fundamental human rights in all its operational activities and complies with the law of the land.

Although TCL does not have any specific policy/procedure to evaluate and address human rights performance, however we ensure that our suppliers, contractors abide by the terms and conditions laid in Purchase Order. The Purchase Order also mentions about TCoC, which needs to be signed by the supplier or contractor agreeing to abide with it. Our employees are given adequate training in case of any technical changes in our business operations. TCL does not discriminate employees based on compensation & workforce payment details are adequately documented. In 2008-09, we have been accorded with first level of SA 8000 certification for our manufacturing sites.

Building a High Performance Organisation:

We have a robust PMS to foster a high performance culture across the organisation. During the cascade of BSC to individual goals, stretch goals are factored in to stimulate high performance. The SDM projects and team targets at Company and Business level, supported with SLA/SPL, CFTs, COP facilitate co-operation within and across sites. Over the years, TCL's workforce across all segments have moved towards increased performance orientation. This is evident from the increase in PMS effectiveness (perception) from 75% in 2007-08 to 80% in 2009-10. The Value Added per Employee (VAPE) has improved from 0.25 in 2006-07 to 0.28 in 2009-10. The coverage of employees under Performance Linked Variable Pay (PLVP) has increased from 31% in 2004-05 to 53.1% in 2007-08. and the percentage has reduced a bit in 08-09 to 49% (due to increase in number of employees). This has remained fairly constant in 09-10 at 49.5 % In all the cases, the annual performance appraisal, forms one of the inputs for identifying training needs of the employee jointly with his/her appraiser and these then get compiled and translated into an annual training plan which gets implemented over the year. Lean Six Sigma, SAP, Hyperion,

DCS, Project Management, IFRS MBE, BE are being rolled out across geographies to reinforce new knowledge and skills on the job. The LTS for workmen is also productivity linked. "Performance Dialogue", under Udaan initiative, is a system of daily morning review and planning by groups of workmen/ ODSCE & their supervisors to resolve performance related issue and ensuring co-operation at the shop-floor level which builds a sense of belongingness & inspires them to perform better.

Developing Capabilities:

Over the years, the Company has worked extensively on developing the functional skills of employees, while preparing the organisation to develop a global mindset, which is a high priority for the top team. Our Management Development Program (MDP), Supervisory Development Program (SDP), Operator Certification Program (OCP) and Leadership Development Programs have been evolved to develop future capabilities amongst employees.

The Talent Management process identifies key talent based on potential and performance. Job rotation, Deputations, International assignments, EGS, Sup EGS, SPUR, Multi-skilling, and Promotions are used to develop capabilities of our employees. We offer wide range of Learning & Development initiatives that address requirements of each workforce, category besides the usual compilation of training needs from the PMS, LTSP, BSC, ABP and organizational initiatives, equal emphasis is laid on providing learning opportunities through job rotations. Special assignments, deputations, CFTs like Unnati, SEDAC etc. In order to focus on our core competency of operational excellence, we launched a Six Sigma programme at all our units in 2010. it helped building employee capability to improve process efficiencies, reduce costs and defects.

Securing Skills for the Future:

TCL uses a combination of top down and bottom up approach to identify training needs. The organisation competency gaps emerge from the LTSP and BSC processes. These are then collated along with individual needs emerging from the PMS process and Competency Mapping.

To take ahead the transformation agenda, we had specific interventions like Achievement Motivation, DISHA, PIPE, Finance for Non Finance, SAP Training, SHE, Michigan and Harvard Programs rolled out. Platforms like the B School, IGNOU, and tie-up with BITS Pilani have been developed to promote continuous education for our employees. Sabbatical and Professional Education Assistance policies provide the necessary aid and helps build motivation. Fig. E-08 shows the result of focused attention on functional training, resulting in improved perception scores. To promote skill development in the nearby community, TCL has MOUs with local ITI's. To provide training to employee's children, we have our Apprentice Training School at Mithapur which places students to the best companies. TCL supports them by roping in Group Companies like Voltas, who come for campus selection. For the ODSCE workforce, we continued with our plan to upgrade their skills. Key programs which were undertaken under this plan were on safety and safe work culture, and functional training as per the requirement. As envisaged, it helped in increase in the company's operational efficiency.

Diversity and Human Rights:

A training program focused on behavioural aspects, human rights was organised for Security team in the year 2007-08. The program covered 25% of company employed security personnel & 37% outsourced security personnel. Subsequently, in 2009 another program on Human rights was conducted at

Mithapur that included 50 security personnel including members of Advance security Force, National Security Services, CISS, Vigilance and Asst. Manager security.

We have conducted gender sensitivity workshops across our sites to improve awareness amongst employees.

As part of the TATA Group guidelines on Affirmative Actions, we have decided to sponsor FAEA scholarships for three students of the SC/ST community in the year 2008. TCL initiated programs on skill development at all its locations.

TCL presently does not include human rights clauses in its investment agreements, however we plan to do so in the coming years.

Diversity among the composition of our Board of Directors, EXCOM, Promotion Board, Remuneration Committee, Apex team, Audit Committee promotes the culture of innovation in our Company. To promote an Enterprise with a diverse workforce, employment at management levels depends on national/regional search while for jobs at non management level the search does not generally go beyond local areas.

Incidents of Discrimination:

Our policies on Anti Sexual Harassment and Clause 4 of Tata Code of Conduct (TCOC) ensure non discrimination of employees. The

MBE process which details processes to raise incidents / concerns on violations of Code of Conduct is widely communicated among employees and ODSCE.

Engaging the Workforce:

Feedback from various forums and a formal Employee Engagement process helps assess the overall engagement levels. Pre-discovery exercise and QFD tools are used to identify and prioritise workforce needs. AAWAZ is the benchmarked process to identify action plans to make TCL a 'Great Place to Work.'

The closure of AAWAZ action plans is tracked and reviewed at the SBUC and EXCOM to provide high focus and priority. Team Climate scores are communicated to the HODs and action plans are charted. Increase in levels of participation in initiatives like Unnati, Udaan, Oorja reflects increasing engagement levels of employees. The % absenteeism has dropped significantly from 1.2% in 07-08 to 0.84% in 09-10.

Employee Policies, Benefits & Support Practices:

All facilities at TCL have been certified under ISO 9001:2000, ISO 14001:2004 and OHSAS 18001. In our journey towards rendering world class SHE excellence, we derive approaches and measures from Du-Pont and British Safety Council 5 Star Models. We undertake ergonomic surveys to take care of safe working postures / workplace lighting. The safety training man days per workforce has risen from 3.20 in 08-09 to 6.04 and the employee perception on safety from 79% to 82%, due to increased thrust on behavioural safety training, resulting in improved TRIFR. We have several customised policies in place for all segments of our workforces. The table Ei.06 shows the overall approach.



Elements of L & D	Example of interventions	Objective	Target segment							Effectiveness Measures
			M	S C	O	F S	W	T r	ODS E	
Induction	Disha	Integration	✓	•	•	•	•	✓	•	Induction Feedback
System Documentation	EPM, DeMMI	Performance Improvement(CC)	✓	✓	✓	•	•	•	•	EPM process ratings
Functional Training, Competency Mapping	Udaan Academy	Performance Improvement(CC)	✓	✓	✓	✓	✓	✓	•	Meeting specific program objectives
	Competency Mapping		✓	✓	✓	✓	✓	✓		
	SAP, MS Office, M S Projects, Advanced Process Controller, Plant Visits	Handling Technological Changes(CC)	✓	✓	✓	✓	•	•	•	Efficiency improvement Results
	SHE Training	Enhancing SHE (CC)	✓	✓	✓	✓	✓	✓	✓	Improvements in TRIR
Managerial/ Behavioral/ Leadership Trg dev	MDP, AMT, PIPE, IF, TITE, TOT, TCoC	Managerial & Leadership Dev	✓	✓	•	•	•	✓	•	TLP improvement
	SDP, SPANDAN	Shop floor leadership capability	•	•	✓	✓	•	•	•	Better orientation to handle new initiatives
	Six sigma, ERHWON, TRIZ	Innovation	✓	✓	•	•	•	•	•	New Product Development
	Apex offsite Org. Dev, W/S, Michigan, Stanford, Harvard Programs, TGSLs, ICP	Sr. Leadership Development	✓	•	•	•	•	•	•	Succession Planning
Certification Prog. Follow up projects	Six Sigma, BELP, SEDAC, DEMMI	Reinforce Learning, Performance improvement(CC)	✓	✓	✓	✓	✓	•	•	No. of Certifications
Education	B-Schools, IGNOU, BITS, Sabbaticals, Financial assistance	Enhance knowledge, Improve Performance	✓	•	✓	✓	✓	•	•	Educational. Qualifications acquired on Job
On-the-Job Exposure, Special Assignment, Exposure	Guidance provided during initial few months, Completion of Projects after 1st Module	Performance Improvement(CC)	✓	✓	✓	✓	✓	✓	✓	Incumbent taking new Role
	Sr. Leaders driving People Initiatives	Sr. Leadership Development	✓	•	•	•	•	•	•	Succession Planning
Employee Growth Scheme, CFT, Overseas Projects, Secondments, Spl Assignments (Fig-7.4-8)	Project-Victoria, SAP Reimplementation, Shadow Business Council	Functional & Leadership Dev. At Middle Mgmt. Level	✓	•	•	•	•	•	•	No. Of CFTs
	Rural Stint	Project Execution, Sensitisation to Community around facilities	•	•	•	•	•	✓	•	New measures in CD after rural projects

Elements of L & D	Example of interventions	Objective	Target segment							Effectiveness Measures
			M	S C	O	F S	W	T r	ODS E	
Performance Dialogue/ Morning meetings	Daily Dept/Group meetings	Learning through work instructions and KSS(CC)	✓	✓	✓	✓	✓	✓	✓	
Coaching/ Mentoring	GET/MT projects	Learning by doing under guidance/ Observation / Association	.	.	.	.	✓	.	.
Feedback	Feedback on TLPs	Managerial Dev	✓	.	.	.	.	.	.	TLP improvements
	Multi-Rater Feedback	Sr. Leadership Development	✓	.	.	.	.	.	.
Career progression schemes	EGS, Spur	Learn & Grow	✓	.	✓	✓	.	.	.	Fast track Career progression for successful employees
Faculty Development	Using Internal faculty	Reinforce & Retain knowledge	✓	✓	✓	✓	.	.	.	
Knowledge Data Base	Titli - Sr. Retd employees as Udaan faculty	Capture knowledge of departing employees	✓	✓	✓	✓	✓	.	.	No. of Titli Stories
KM Systems	Plan visits, Meets, Seminars, Training, Gangotri, TKC	Learning form experience/ knowledge of others	✓	✓	✓	✓	✓	✓	.	

Fig. Ei-08

