20.8.13

Calculation of import/forex-dependent content in a project

This figure should be approximately known at time of setting of Concept Budget. It shall be the sum of:

1. Direct imports which Lodha will be importing (excluding any 'non-mandatory' imports like reinforcement steel). For direct imports related to infra – if we don't have this, we can assume this as 10% of the total infra budget for the said project.

2. For Direct imports, budgeting should be done taking into account cost @ existing exchange rate + 10% risk premium (at the time of the decision for a given plant (building)).

3. Any non-direct imports (viz. which are included in contractor's scope) for which we believe that impact of rupee depreciation is likely to fall on us viz. either we have not awarded the contract and they are likely to quote higher prices on account of these non-direct imports OR we have awarded and have guaranteed a basic rate for an item which will be imported (and hence, if rupee depreciates the loss is to our account – to my knowledge there is no such item since we only guarantee basic rate for RMC and RSteel and both are not import linked).

4. Any contract which we have entered into in non-INR currency.