

Punj Lloyd JV with KAEFER GmbH, Germany

New Delhi, August 24, 2006

Punj Lloyd Limited (PLL), one of the largest engineering & construction companies of India is entering into a joint venture with KAEFER GmbH, Germany, a world leader in the insulation business. In the joint venture, PLL will hold 49%, while KAEFER would hold 51% stake.

Currently, Punj Lloyd Insulations executes insulation projects like cryogenic insulation for LPG and LNG terminals, hot and cold insulation for oil and gas sector, fertiliser plants, power plants & acoustic insulation.

The joint venture company will have three directors, two nominated by KAEFER and one by Punj Lloyd.

Commenting on the JV, Mr. Atul Punj, Chairman, PLL said, “Being a niche business, it will open up huge markets for KPLL in the booming Indian Economy”. “This joint venture is a significant business opportunity. It will open avenues for developing innovative insulation solutions for various applications. Our services will range from thermal insulations to refractory linings, coatings, acoustics & fire protection”, added Mr. Punj.

About Punj Lloyd

Punj Lloyd (BSE SCRIP ID: 532693, NSE SCRIP ID: PUNJLLOYD), is amongst the largest engineering and construction companies in India providing integrated design, engineering, procurement, construction and project management services for energy and infrastructure sector projects with operations spread across many regions in the Middle East, Caspian, Asia Pacific, Africa and South Asia. The Company has acquired a majority stake in SembCorp Engineers & Constructors, a Singapore \$ 1 billion company. Punj Lloyd also entered into a JV with Saudi Prince to form ‘Dayim-Punj Lloyd Engineering Limited’. Further information about the Company is available at www.punjllloyd.com.

About KAEFER, Bremen

KAEFER is the world’s largest independent company in the field of heat, cold and acoustic insulation as well as fire-protection. It is active in more than 38 countries around the globe and currently employs some 8,000 people. In 2005 group turnover was around € 700 million. The family-owned company founded in 1918 includes the core business segments ‘industry’, ‘offshore’, ‘ship building’, ‘construction’ and ‘aero-space’.

Forward-Looking Statements:- This report contains forward –looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’,

'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, market position, expenditures, and financial results, are forward –looking statements. Forward -looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could thus differ materially from those projected in any such forward - looking statements. The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

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