



Dear Friends,

I write to you after the recent success of our initial public offering, which was much beyond our expectations. This was due to the sustained teamwork of the entire organisation, which has seen us through challenges both at the project as well as the corporate level.

Our ability to take up opportunities, which exist in the markets where we operate, has been evident from the spate of new projects recently awarded to us. Three projects for Bechtel in UAE and the fuelling system project for New International Airport, Doha will keep our Middle Eastern operations busy.

In the Asia Pacific region, the repeat order from Horizon Singapore Terminals on Jurong Island expresses our client's faith in our ability to deliver quality projects safely and on time.

In South Asia, our execution of the Dahej LNG expansion project positions us as the only contractor to have worked on all three LNG terminals in India. Our prime contractor status on the multi-speciality hospital for Medicity in Gurgaon acknowledges the edge over our competitors.

None of this would have been possible without the cohesive working of all our manpower assets. As we forge ahead in our ventures, I look to you for consistent and dedicated teamwork, so that together, we are able to realise our dreams.

Atul Punj  
Chairman

# Safety in Kazakhstan

**Punj Lloyd has been** working on the SGI/SGP project at Tengiz, Kazakhstan since January 2004. Our constant endeavour to maintain safe standards at all our sites worldwide, has secured for Punj Lloyd Kazakhstan several awards over the last two years.

During an internal safety programme, the record of Punj Lloyd Kazakhstan was the best among all the multinational contractors. A Safety Excellence Award for initiation and exemplary performance was presented to us.

A semi Annual Silver Safety Audit Excellence Award for preparing and executing construction work in a neat, safe and organised manner was also received for this project.

For consistent safety performance, Punj Lloyd Kazakhstan has secured awards for 1.5 million, 2 million and recently, 5.5 million man-hours without a day away from work injury between January 2004 to December 2005.

Our safety record, the best among all contractors, impressed the Incident & Injury Free (IIF) Department of

Tengizchevroil / Parsons Fluor Daniel. The IIF Department spreads the culture of Incident and Injury Free environment by rewarding employees.

As the work involves movement in and around live plants, well heads, metering stations and manifold, there is always a risk of hydrogen sulphide gas release. This gas is lethal and exposure to it can kill within minutes. Therefore Emergency Evacuation procedures and Mock Drills are carried out frequently. As a result,

the Punj Lloyd team is prepared at all times.

The work is scattered over an area of 20 km<sup>2</sup>. With vehicles playing an important role. More than 100 vehicles are used daily and are maintained in the best condition. This helps to avoid road accidents.

In the early months of the project the multinational and multicultural workforce faced language problems in implementing the HSE policy. However soon the challenges were overcome

**"I can be held accountable for my and my fellow workers' safety. I am empowered to stop the work when it is unsafe and can do so without fear of losing my job. I want everyone to go home safely to their families."**

This undertaking is printed on the back of all employee badges at site. This writing is sacrosanct and applicable across hierarchy. In a situation a worker perceives as unsafe he has every right to call off work even in opposition of his supervisor.



and HSE is the underlying theme of all activities at site. Punj Lloyd Kazakhstan will use the 5.5 million safe manhours landmark as a trajectory to carry on this journey of excellence till the project is taken to its completion.

♦ R M Irshad

### Key factors contributing to this great achievement

- Regular internal and external safety audits were important tools to measure our safety performance. Internal and external committees audited weekly all work locations. Corrective action was taken immediately if unsafe acts or conditions were identified. Area-wise audit results were compared and the location with maximum violations was focused on and improvements carried out. Safety was made a lead indicator and by analysing past performance, future targets were arrived at. Punj Lloyd's audit scores were the highest, sometimes 98 per cent.
- Safe Job planning through Safety Task Analysis (STA) played an important role in achieving this milestone. Before the start of a job activities were planned, hazards were identified and precautions noted. STA ensured that all workers were aware of hazards and precautions while carrying out their respective functions.
- A Work Permit System was introduced to achieve success. Work permits were mandatory, inside the live plant and in the green field.
- Monthly inspection and colour coding were used to keep tools and equipment in good condition. This helped minimise the risk of accidents caused by the use of unsafe equipment and tools.
- The role of HSE professionals was not just to advise but to enforce as well. This helped to ensure strict compliance with safety procedures and specifications.
  - Training of employees played an important role in maintaining high safety standards. In-house as well as client training was made mandatory for all employees like Safety Induction, H<sub>2</sub>S training and trade training. In addition, craft training conducted theoretical and practical sessions for workers.
- The Alcohol policy dictates a complete ban on consumption of alcohol. An employee can be dismissed on the grounds of violating this rule. All operators and drivers were tested daily for alcohol before starting work. Random Alcohol tests were also conducted among the employees to ensure that the alcohol policy is followed strictly.



update   
**5.5 million man-hours  
without a day away  
from work injury**

# Bulk Liquid Products Terminal Singapore



update



our performance has  
established us as a major  
tank construction company

Jurong has become an oil, petrochemical and speciality chemical hub by reclaiming the channels between seven islands to form Jurong Island. It is also home to third party service providers of tank terminal facilities, maintenance, repair and will be one of the world's biggest oil product centres. The Bulk Liquid Products Terminal project in Singapore is a milestone in the development of Banyan Jurong Island as a key global terminal hub.





Punj Lloyd has won the prestigious project of constructing tanks for Bulk Liquid Products Terminal Phase I & II on Jurong Island, Singapore. The client, Horizon Singapore Terminals is a Joint Venture company

established at Singapore under the leadership of Emirates National Oil Company (ENOC), Dubai. The project was awarded on EPC basis, against international bidding involving globally reputed tank construction companies. The terminal provides storage facility of 970,000 m<sup>3</sup> of different petroleum products namely White oils (Gasoil, Jet fuel, Gasoline) and Black oils (Fuel Oil).

The project started in April 2005 with targeted completion of the first phase by July 2006 and second phase by November 2006. The first phase comprises 27 tanks of gross capacity 720,000 m<sup>3</sup> and the second phase, 3 additional tanks, totalling a gross capacity of

120,000 m<sup>3</sup>.

Being our first project in Singapore, numerous statutory formalities were required to be completed before the commencement of the work. From day one, milestones were set and the team worked hard to



better their target dates. Results showed almost immediately when the civil design was completed and approved within the first month of the project.

Mobilising human resources for construction activities was a great challenge. Punj Lloyd has been successful in employing skilled manpower, building on its policy of integrating local workforce with managers from India.

A first for the execution team was the magnitude of installing tanks on pre-cast concrete piles. A total of 6,750 pre-cast concrete piles, 400 x 400 mm square, using a design mix of C45 concrete, was used in the tank foundation. The average length of piles is 30 m below final cut-off level. The steel tanks are erected on the 600 mm thick pile cap, using a design mix of C30. The

update   
**the project has  
achieved one million  
LTI free man-hours**

#### Scope of work

Engineering ,  
procurement,  
construction of pile  
foundation, steel  
tanks equipped with  
Aluminium Internal  
Floating Roof,  
Aluminium Geodesic  
Dome Roof and Fire  
Protection System

# Bulk Liquid Pr



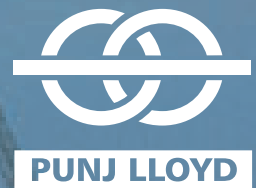


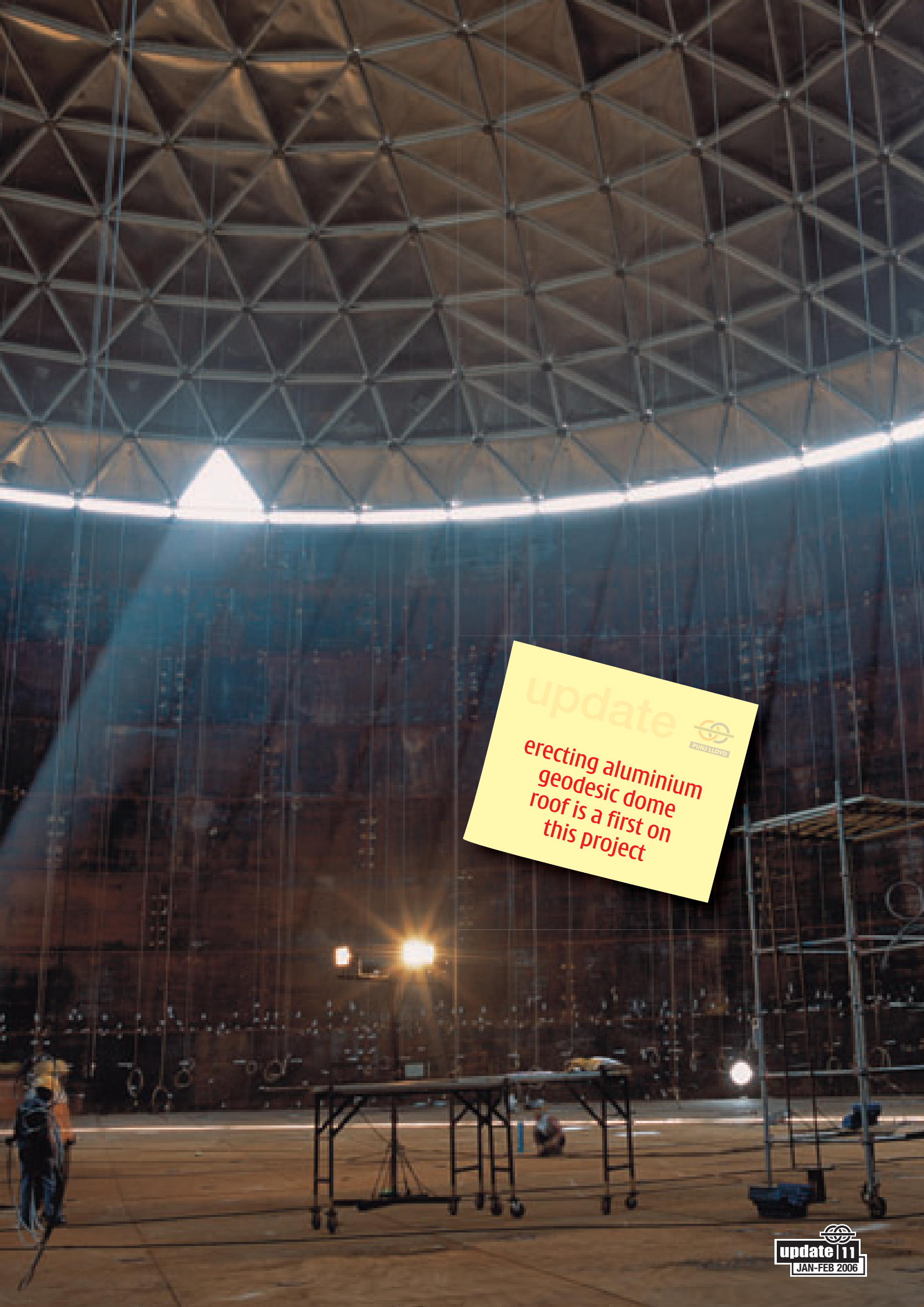
# Products Terminal



# al - Singapore

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erecting aluminium  
geodesic dome  
roof is a first on  
this project



**update**   
**16 tanks to be erected  
by conventional  
method**

biggest tank of 55 m dia and 20 m height rests on 348 such piles. 14 pile rigs were mobilised to carry out the job. Of the 30 acres of land 130,000 m<sup>2</sup> has been graded and the bitumen layer of the last

tank has been completed in a short time frame of seven months.

The mechanical work, which is under progress, involves fabrication and erection of 16,500 MT of steel plates

and structures, including aluminium dome and internal floating roof. Plate thickness ranging from 6 to 35.5 mm, conforming to ASTM A36 specifications, were manufactured to specific



update   
**14 tanks to be erected  
by jacking method**

sizes in South Africa under stringent quality control.


Punj Lloyd has erected aluminium internal floating roofs for the Marketing Terminal of IOCL at Panipat, India

and massive steel domes in the Dabhol and Hazira LNG Terminals. However the erection of Aluminium Geodesic Dome roof is a first on this project.

Most of the piping material, fire protection





**update**   
punj lloyd is the first  
contractor to erect  
tanks by the jacking  
method in singapore



equipment and structural material have been procured from all over the world.

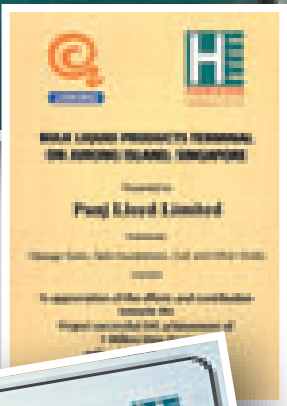
To adhere to the compact schedule, the execution of civil and mechanical work was planned simultaneously. The civil activity was unhindered as the fabrication work of tanks and pipe spool including machine blasting and priming was organised outside the work site. Fabricated materials were transported to site for installation. Effective logistic planning was required to maintain the sequence of erection. 14 tanks are to be erected by the jacking method and 16 tanks by the conventional method. Punj Lloyd is the first contractor to erect tanks by the jacking method in Singapore. This process of erection is gaining acceptance as it is safer and ensures higher quality standards.



The entire mechanical erection is being executed in-house. About 450 workmen, 6 double header Automatic Girth Welding (AGW) machines, 200 welding rectifiers and 12 LT 7 machines, 10 cranes, 400 shell erection jacks and 20 diesel generators have been deployed to meet the extremely demanding schedule of completion.

Work is in progress simultaneously on 27 tanks and are scheduled for completion by July 2006. Fabrication of

all 30 tanks has been completed. Shell erection for 13 tanks, assembly and erection of aluminium domes of 3 tanks has been completed, while assembly of IFR and domes in 3 other tanks are in progress. Mechanical erection of the 3 tanks of Phase II are planned for March 2006. Painting, installation of the fire protection system, tank internal heating system and nitrogen blending system will be installed after hydro testing of



the tanks by sea water. Punj Lloyd, through its committed team work and project management skills has been able to complete its target within the time schedule.

As is our practice worldwide, we follow stringent safety standards set by the Occupational Health & Safety, which is endorsed by the Department of Singapore. The project has achieved one million LTI free man-hours so far.

Precise co-ordination, motivated teamwork and delivery to the client's satisfaction has made the

Project Management team confident of completing the project within the agreed extended schedule of August, 2006.

The exemplary performance has been acknowledged by the client who awarded us six more tanks in Tank Farm 4 (additional gross capacity of 130,000 m<sup>3</sup>), scheduled for completion in March 2007. The project team has responded by setting itself fresh targets to achieve timely, if not early completion.

◆ BLPT PROJECT TEAM





## IPLOCA



## Safety Award

Each year, at its annual convention IPLOCA honours one member organisation with the IPLOCA Safety Award. This amounts to a standing ovation by the pipeline industry for the best safety standards worldwide. In 2005 this award was bestowed on an Indian company for the first time. Punj Lloyd won the IPLOCA Safety Award, the shield and the certificate which was received by V K Kaushik, *Jt. Managing Director and COO* at the IPLOCA convention held in Vancouver.

The relentless pursuit of excellence by Punj Lloyd HSE Department secured this honour for us. The Occupational Health and Safety Management System is implemented at all our sites. The approach followed by us is Deming's PDCA (Plan - Do - Check - Act) Cycle. The specific case study that the team chose to project was one focussing on our Oman site. In Oman, Punj Lloyd had completed the 264 km (48" dia) gas pipeline for PDO. Some exemplary safety measures were followed during this project.

Keeping in mind the perils of working adjacent to an active pipeline, automatic trenching machines were used to eliminate the need for blasting. Other safety techniques introduced in Oman for the first time and used on this project were Vacuum Lifting of pipes, Automatic Welding and Automatic Ultrasonic Testing. These measures reduced manpower for the important activities of pipe welding and the chances of exposure to hazards associated with them.

Another remarkable achievement in Oman was the safe transportation of 19,909 line pipes weighing 7-8.5 T each, over a distance of more than

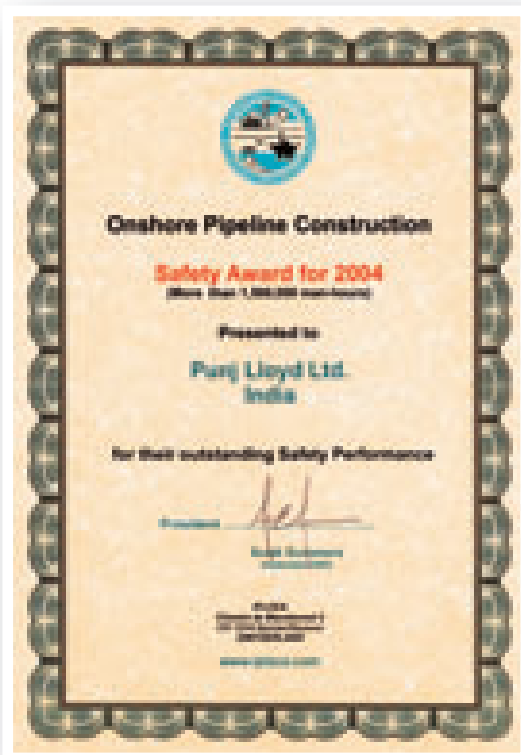
350 km. Conventionally three pipes are transported on one trailer. However, the project team decided to transport four pipes to reduce the cumulative km driven and frequency of trailers on road. Extensive engineering calculations for the number and sizes of the lashing belts to be used for safe restraining of the pipes were carried out, using various permutations and combinations. The details of planning were such that speed limits at the roundabouts were also calculated. An accreditation process was set up for drivers, based on interviews, workshops and trial runs. Transport

Safety Officers were designated to supervise the safe completion of this activity. The route was surveyed in detail by a team of logistics and safety experts, to avoid densely populated areas.

Hazard and Effects Management Process or HEMP was followed for all aspects of pipelaying work. Daily toolbox meetings were conducted before starting the work. Topics relevant to the activity being performed were selected. Foremen were made accountable for good HSE practices to be followed in their activity. This resulted in relatively high compliance. People performing well on Health, Safety and Environment parameters were awarded.

The Omani nationals who were employed as drivers at site had to be thoroughly trained and put through rigorous tests to ensure their compliance to our high HSE standards.

We believe that the IPLOCA safety award won by Punj Lloyd will act as an incentive and motivate our team worldwide to continuously improve our HSE performance. ♦



# The Gong of Prosperity



**When Chairman,** Atul Punj struck the gong to signify trading in Punj Lloyd stocks on January 6, 2006, another milestone was set by the company. Punj Lloyd entered the capital market with a public issue of 9,172,937 equity shares of Rs 10 each for cash at a premium of Rs 690 decided through the book-build process. This comprised a fresh issue of 8,355,174 equity shares and an offer for sale of 817,763 equity shares by the promoters.

The IPO was a grand success. The share opened at Rs 956 and reached the highest level of Rs 1074 on the first day

of trading. The volume crossed Rs 1400 crores and is faring well despite market ups and downs. It was oversubscribed 11 times by retail and 39 times overall. The confidence in the future of the company was echoed by investors across all sections.

Preparations for this success began many months ago. Several audits were conducted, the book running lead managers were selected, agencies put in place and teams burnt the midnight oil, as we planned for the big day. Gruelling travel schedules were followed by the top management with Atul Punj and

V K Kaushik leading teams all over the world and in India respectively. Everywhere they went they were received with enthusiasm and expectation. The queries were related to when the Punj Lloyd trading will actually start so that investors can reap their profits. The market seemed over ripe to receive and turn the Punj Lloyd shares into a success story all the way.

The employees who invested in the company's shares along with the rest of the market are extremely happy at the way stocks are shaping up. Positive sentiments pervade not only the markets but also the organisation. The team and the management are ecstatic and gearing up for many more success stories to follow. The strong economic fundamentals of India are reflected on a micro scale in the Punj Lloyd IPO story.

◆ Ravi Keswani



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