

**STRATEGIC DIVESTITURE OF LITRO GAS LANKA LIMITED AND LITRO GAS
TERMINAL LANKA (PRIVATE) LIMITED**

BID BULLETIN NO. 4

29 February 2024

TO ALL PROSPECTIVE BIDDERS:

This Bid Bulletin No. 4 is issued by the Government of Sri Lanka through the Ministry of Finance, Economic Stabilization and National Policies, State Owned Enterprises Restructuring Unit in relation to the Request for Expression of Interest (“**REOI**”) dated January 16, 2024, to provide clarifications to the queries raised by Prospective Bidders in relation to the REOI, which are set out in Schedule 1 to this Bid Bulletin.

All other terms and conditions set out in the REOI shall remain unchanged and unaffected.

SCHEDULE 1

The following clarifications are being issued in response to the queries sought by the Prospective Bidders. All capitalised terms used below shall have the same meaning as ascribed to them in the RFQ:

S. No.	Query	Clarification
1.	<p>In accordance with paragraph 10(c) of Annex 5 (Content of EOI), we will submit a Letter of Authority in Favour of Lead Member (Schedule J(2)), rather than a Lead Member Power of Attorney.</p> <ul style="list-style-type: none"> • We proposes for EOI submission it should be sufficient to indicate that the Lead Member has the authority to represent the Consortium and bind Consortium Members in connection with the EOI and the Bidding Process, without reference to the signing of Definitive Agreements. • Therefore, we requests to amend the wording of Schedule J(2) as below: <ul style="list-style-type: none"> o Paragraph 2: deletion of “and signing the Definitive Agreements” at the end of the sentence. o Paragraph 3: addition of “in respect to the EOI and the Bidding Process” at the end of the sentence. <p>For the sake of clarity, the revised text to read as follows:</p> <p>2. We [name of the Consortium Member] hereby designate [name of the Lead Member] as our authorised representative (“Authorised Representative”) to execute under hand or under seal all documents, deliver and receive any document or instrument, engage in negotiations, attend and represent us in meetings and do all things necessary and incidental to the Proposed Transaction including but not limited to submitting the EOI, addressing any request for clarification and other communications.</p> <p>3. We confirm that we shall be unconditionally bound by all commitments and actions undertaken by the Authorised Representative on our behalf in respect to the EOI and the Bidding Process.</p>	<p>Formats prescribed under the REOI are to be adhered to by Prospective Bidders. As per Clause 8.2 of the REOI, EOIs which do not conform to the terms and conditions set out in the REOI, shall not be considered as substantially responsive and shall be accordingly rejected.</p>
2.	Annex 4 - Eligibility Criteria set out in the REOI for LGL & LGTL	While GoSL will prefer Prospective Bidders having experience under paragraph 1(c)(i) of

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	<p>The said clause states “The experience under (i) is preferable but GOSL will consider Prospective Bidders under (ii)”</p> <p>This gives an impression that GOSL will ONLY consider prospective bidders under criteria (ii) which we believe is NOT the case.</p> <p>We kindly seek a clarification on the meaning of this statement.</p>	<p>Annex 4, Prospective Bidders having experience under paragraph 1(c)(ii) of Annex 4 will not be disqualified on account of having demonstrated experience under paragraph 1(c)(ii) of Annex 4.</p>
3.	<p>ISO 9001:2015 - Do we need to provide this certification for both Technical Partner and the Reference Project Company?</p>	<p>Please kindly provide an ISO certification which is provided for the entities as per Annex 5- paragraph 8 (Schedule H)</p>
4.	<p>What are the corporate documents required for Funds</p>	<p>For a fund, Net Worth shall be 100% (one hundred percent) of available capital for investment. The expression ‘available capital for investment’ shall, in case of a fund, means the minimum investible funds (i.e., immediately available funds for investment and callable capital) subject to the limits of investment in a single investee entity in the relevant jurisdiction for a foreign investment fund. Please refer Annex 4, Section B (Financial Eligibility Criteria.) and Schedule F (Evidence of Compliance with Financial Eligibility Criteria).</p>
5.	<p>Can a bank be a Consortium Member (Financial Partner)</p> <p>A. What are the corporate and other financial documents required to show financial capability?</p> <p>B. What are the parameters to show its net worth?</p>	<p>There are no restrictions under the REOI on banks to participate in the Bidding Process. Such bank is required to comply with the documentation requirements of the REOI and no separate parameter is prescribed only for banks.</p> <p>Please refer Annex 4, Section B (Financial Eligibility Criteria.) and Schedule F (Evidence of Compliance with Financial Eligibility Criteria)</p>
6.	<p>In the event the Financial Partner of the consortium is a Global Fund, What are the documents required?</p> <p>Specially, unlike a company, when a fund is unable to produce corporate documents such as business registrations, Memorandum of Association or Articles of Association, Shareholder/Director details etc... to demonstrate the KYC standards.</p> <p>What alternate documents can be provided?</p>	<p>Please refer to paragraph 3 of Annex 5 of the REOI. Equivalent documents to the memorandum of association, articles of association, directors under the jurisdiction of incorporation of the fund shall be required. E.g., investment agreements, identity of investors, any other document which establishes the incorporation, management and governance structure of the fund, etc.</p>
7.	<p>Can the technical partner show its technical capability through a different</p>	<p>“Related Party” under the REOI is defined to mean “any Person which, alone or together</p>

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	<p>company (ex - ABC Company)? This ABC company is neither a subsidiary or a sister company. The relationship between the technical company and the ABC company can be demonstrated through a Joint Venture Agreement.</p> <p>Can this ABC Company be considered as a related company?</p>	<p>with any other Person, directly or indirectly through one or more intermediaries: (a) Controls the Prospective Bidder (or, where the Prospective Bidder is a Consortium, the relevant Consortium Member); (b) is Controlled by the Prospective Bidder (or, where the Prospective Bidder is a Consortium, the relevant Consortium Member); or (c) is under common Control with the Prospective Bidder (or, where the Prospective Bidder is a Consortium, the relevant Consortium Member).”</p>
8.	<p>In the event the consortium partnership is formed through a 10% technical partner and a 90% financial partner, where the technical partner qualifies due to a shareholding they have in a joint venture initiative with another party who is not a part of the consortium to acquire LGL & LGLT</p> <p>A. Does the shareholding in the Joint Venture that meets the qualification criteria make the technical partner qualify as having the necessary experience?</p> <p>B. If the technical partner qualifies through the shareholding of the joint venture initiative, Is there a minimum shareholding requirement in the Joint Venture or does any shareholding percentage held deemed as qualified?</p> <p>C. In the event the technical partner only has a 10% shareholding in the Joint Venture and that 10% falls less than the US \$ 10 million required to demonstrate financial eligibility, can they furnish the group financials to demonstrate the required financial eligibility.</p>	<p>Please see response in serial no. 7 above. Additionally, please refer to Clause 6.4 of the REOI which specifies the documents to be submitted if a Consortium Member is relying on the technical capability of its Related Party.</p> <p>For the clarity of all Prospective Bidders the computation of the Net Worth of a Consortium will be as follows: If the Prospective Bidder, is a Consortium, the combined Net Worth of the Consortium Members must be USD 100,000,000 (United States Dollars one hundred million), calculated as weighted average of the Consortium Member’s Net Worth in proportion to their proposed shareholding in the Consortium. For avoidance of doubt, this means that if a Consortium Member has a Net Worth of USD 25,000,000 (United States Dollars twenty five million) and a 25% (twenty five percent) shareholding in the Consortium, then such Consortium Member’s Net Worth to the extent of USD 6,250,000 (United States Dollar six million two hundred and fifty thousand) shall be considered for the purpose of computing the Consortium’s Net Worth.</p>
9.	Does SOERU/CBSL have a standard KYC document or a standard to adhere?	Documents issued by any governmental or regulatory authority establishing and verifying the identity of a person is acceptable.
10.	<p>What are the other certifications acceptable, equivalent to ISO 9001:2015?</p> <p>Ex – Will ISO 9001:2008 be considered as equivalent? And what other certifications?</p>	Please kindly provide an ISO certification which is provided for the entities as per Annex 5 paragraph 8 (Schedule H).
11.	Page 43 - Schedule G - Requires a Notarised Certification from Director/company Secretary of the	Please refer to Clause 8.2 and 8.3 of the REOI on determination of responsiveness and detailed evaluation of the REOI, respectively.

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	<p>technical Company to demonstrate the technical capabilities.</p> <p>A. On what parameters the evaluation of the EOI will happen or be considered?</p> <p>B. On what parameters will the bidders be shortlisted?</p> <p>C. What other capabilities should the technical partner demonstrate other than the documents?</p>	<p>Additionally, please refer to Clause 9 on selection of Shortlisted Bidders.</p>
12.	<p>If the Financial Partner demonstrates more than USD 100M in net assets, is that an advantage over other bidders?</p>	<p>All Prospective Bidders who meet the Eligibility Criteria as per the REOI will be shortlisted for the RFP stage.</p>
13.	<p>Shareholding of the Lead Member and other consortium member's equity.</p> <p>A. Do other consortium members have to buy equity with cash or does services, consultancy, or sweat equity count?</p> <p>B. Do we have to issue the % of non-cash equity at the point of RFQ time, or does an agreement to convert to equity in the future meet the requirement?</p> <p>Ex – We have consortium members who will only invest their experience and expertise in the consortium.</p>	<p>As per the definition of Consortium Member each Consortium Member is required to hold at least 10% (ten percent) stake in the Consortium. Further, as per the definition of Lead Member, such member is required to hold the highest percentage interest, not being less than 25% (twenty five percent), in the Consortium.</p>
14.	<p>Minimum net worth of USD 10 million.</p> <p>We have technical partners bringing technical know-how to the consortium. In such situation, is it mandatory to demonstrate the minimum net worth of USD 10 million? Even when the financial member of the Consortium has demonstrated over USD 100 million net worth?</p> <p>Ex – We have consultancy firms as consortium members who will only invest their experience and expertise in the consortium and cannot demonstrate the minimum net worth specified in the EOI.</p>	<p>For the clarity of all Prospective Bidders the computation of the Net Worth of a Consortium will be as follows:</p> <p>If the Prospective Bidder, is a Consortium, the combined Net Worth of the Consortium Members must be USD 100,000,000 (United States Dollars one hundred million), calculated as weighted average of the Consortium Member's Net Worth in proportion to their proposed shareholding in the Consortium. For avoidance of doubt, this means that if a Consortium Member has a Net Worth of USD 25,000,000 (United States Dollars twenty five million) and a 25% (twenty five percent) shareholding in the Consortium, then such Consortium Member's Net Worth to the extent of USD 6,250,000 (United States Dollar six million two hundred and fifty thousand) shall be considered for the purpose of computing the Consortium's Net Worth.</p>
15.	<p>Authorised Power of Attorney of the Consortium</p>	<p>Please see paragraph 3 of Schedule A1 (Authorised Representative Power of Attorney). Prospective Bidders are required to</p>

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	<p>A. Should s/he be an employee/Director of the Lead member of the Consortium?</p> <p>B. Can s/he be a consultant to the Consortium, and not an employee of the lead member?</p> <p>C. Or be a total outsider to the Consortium. But the consortium has contracted her/him to work for the consortium.</p>	<p>provide a confirmation that the Power of Attorney is being issued in compliance with the grantor's constitutional documents and due process envisaged therein.</p> <p>While the Prospective Bidders may issue the power of attorney to any authorised representative, it is required to be ensured that such delegation of power is per the Prospective Bidder's constitutional documents and due process.</p>
16.	MRP of LPG sold in the domestic market is based on a formula agreed with the Ministry of Finance. What is this formula? Will this be valid in the future too?	The current domestic LPG Price is based on the cost based pricing formula which is agreed upon with Ministry of Finance. The formula is based on the Saudi Aramco Contract Price. The price is revised every month.
17.	What is the value or value range arrived at by the transaction advisors for the divestment?	<p>No indication on the value of the proposed divestiture can be provided. GoSL proposes to select a Successful Bidder through a competitive bidding process.</p> <p>Shortlisted Bidders will be given the opportunity to conduct due diligence on LGL and LGTL at the RFP stage. Confidential information on LGL and LGTL will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement.</p>
18.	Will there be any future regulatory intervention such as imposing of the Maximum Retail Price (MRP) etc?	The current domestic LPG Price is based on the cost based pricing formula which is agreed upon with Ministry of Finance. The formula is based on the Saudi Aramco Contract Price. The price is revised every month.
19.	As per the published documents, Litro has a market share of 85% which is technically a monopolistic scenario. However, under clause 4.5(a), the GOSL has the potential opportunity to restrict an existing player from being the successful bidder if the post divestiture market share is likely to exceed 50%, given GOSL's intention to promote contestable markets. in light of this, how will GOSL look at preventing the potential successful bidder from having a 100% monopolistic situation or further increasing it's market share or prevent unfair competition	It is the policy of GoSL to promote contestable markets and in a similar way it will apply to the LPG market in Sri Lanka. GoSL is taking steps to promote competition within the sector. As a first step, there is a recommendation to bring the LPG sector under PUCSL to appropriately regulate the sector.
20.	Are there long term contracts signed with the suppliers? If so, is the successful bidder expected to honour such agreements?	Shortlisted Bidders will be given the opportunity to conduct due diligence on LGL and LGTL at the RFP stage. Confidential information on LGL and LGTL will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement.
21.	Will GOSL be restricting the successful bidder from entering into a business relationships for infrastructure utilisation	In the event a regulator is appointed such arrangements will have to be with the concurrence of the regulator.

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	or any other activities with the other player in the local LPG business?	
22.	what is the difference between the Power of Attorney and authorised representative, as there are two forms i.e. A1 and A2?	Schedule A1 is the format of the power of attorney in favour of the authorised representative of the Prospective Bidder. If a Prospective Bidder is unable to submit a duly registered power of attorney in compliance with applicable laws of Sri Lanka for any reason whatsoever, as per paragraph 1(c) of Annex 5 of the REOI, it may submit a Letter of Authority substantially in the format set out in Schedule A(2). However, if such Prospective Bidder is designated as a Shortlisted Bidder, it shall be required to submit a duly registered power of attorney or the alternative document approved by GoSL in accordance with paragraph 1(b) of Annex 5 of the REOI, along with its proposal in response to the RFP.
23.	Consortium equity interests: Noting this can't be changed following submission of the EOI, is it ok to include a range for each of the Consortium Members with final levels to be confirmed upon eventual submission of the binding RFP response?	As per the definition of Consortium Member each Consortium Member is required to hold at least 10% (ten percent) stake in the Consortium. Further, as per the definition of Lead Member, such member is required to hold the highest percentage interest, not being less than 25% (twenty five percent), in the Consortium.
24.	POA / Letter of Authority documents in Schedule A/J are not acceptable to our legal counsel in proposed form. If we submit the EOI on basis of amended versions that are similar or substantially similar, is this ok?	Formats prescribed under the REOI are to be adhered to by Prospective Bidders. As per Clause 8.2 of the REOI, EOIs which do not conform to the terms and conditions set out in the REOI, shall not be considered as substantially responsive and shall be accordingly rejected.
25.	Should the POA be registered in Sri Lanka?	Foreign power of attorney ("FPOA") has to be executed before 2 (two) witnesses and an Ambassador or a High Commissioner, or a Diplomatic officer or a Consular Officer within the meaning of the Consular Functions Act No. 4 of 1981 as amended or a person who is authorised to attest such power of attorney according to the laws of the Prospective Bidder's country/where the FPOA is executed. Additionally, the FPOAs have to be registered with the Department of Registrar General in Sri Lanka to be effective. The applicable law provides for a period of 3 (three) months from the date of execution for such registration to be completed.
26.	If a bidder or consortium is able to meet 1 of the 5 downstream value chains mentioned in the REOI and are able to fulfil the requirements of	Prospective Bidders are required to have experience in any of the value chain as indicated in paragraph 1 of Section A of Annex 4. Prospective Bidders are required to comply

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	<p>A. the reference project B. financial eligibility C. legal eligibility</p> <p>will such a bidder get shortlisted to get access to the Data Room? If not what are the shortlisting criteria's that needs to be met ?</p>	<p>with the Eligibility Criteria and the terms and conditions specified in the REOI.</p>
27.	<p>Has Litro signed agreements with other service providers? If yes, will they be still valid and should the new investor continue with the same until expiry?</p>	<p>Shortlisted Bidders will be given the opportunity to conduct due diligence on LGL and LGTL at the RFP stage. Confidential information on LGL and LGTL will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement.</p>
28.	<p>Whether any due diligence (Financial, Tax and Legal) is done by a third party in past? If so, period for which due diligence is done.</p>	<p>Deloitte India is the transaction advisor to SOERU and is conducting the due diligence. The period for which due diligence is conducted and other information will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement. Further, Successful Bidders will be given the opportunity to conduct their due diligence on LGL and LGTL at the RFP stage. Confidential information on LGL and LGTL will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement.</p>
29.	<p>1)Are there any hard restrictions such as funds that cannot be remitted?</p> <p>2) Whether the LPG market in Lanka will be transformed into gas soon and whether it will have a disruptive impact on the company's core business ?</p>	<p>Shortlisted Bidders will be given the opportunity to conduct due diligence on LGL and LGTL at the RFP stage. Confidential information on LGL and LGTL will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement. All Prospective Bidders, both domestic and international, are required to make their own due diligence assessment.</p>
30.	<p>(1) How many year historical data (financial, tax, legal, technical etc) will be provided for due diligence? (2) Whether an excel model of future business (10 or 15 year projection) – P&L , Cash flow, Balance sheet will be provided? (3) Please share the extent of information that will be available in Confidential Information Memorandum (4) Whether data room access will be given to bidder consultants? Which platform will be used for data room access ?</p>	<p>Deloitte India is the transaction advisor to SOERU and is conducting the Due Diligence. The period for which due diligence is conducted and other information will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement. Further, Successful Bidders will be given the opportunity to conduct their due diligence on LGL and LGTL at the RFP stage. Confidential information on LGL and LGTL will be shared with Shortlisted Bidders subject to the execution of a Non-disclosure Agreement.</p>
31.	<p>Schedule E requires each Consortium Member to have an Auth Rep. However, Schedule A appears to only be from the Consortium Lead Member. Is this correct? Of should each Consortium Member</p>	<p>If the documents required to be submitted by Consortium Members are executed by a director of the Consortium Member, Schedule A(1) or Schedule A(2) will not be required in favour of such director. However, if any other</p>

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	complete a Schedule A POA/LOA to enable auth rep to sign off on things like Schedule E?	person of the Consortium Member is executing the required documents, in such an event such authorised person of the Consortium Member is required to be authorised under a power of attorney as per Schedule A(1) or letter of authority as per Schedule A(2).
32.	<p>Authorised Power of Attorney of the Consortium</p> <p>A. Should he be an employee/Director of the Lead member of the Consortium?</p> <p>B. Can he be a consultant to the Consortium, not an employee of the lead member?</p> <p>C. Or be a total outsider to the Consortium. But the consortium has contracted him to work for the consortium.</p>	<p>Please see paragraph 3 of Schedule A1 (Authorised Representative Power of Attorney). Prospective Bidders are required to provide a confirmation that the Power of Attorney is being issued in compliance with the grantor's constitutional documents and due process envisaged therein.</p> <p>While the Prospective Bidders may issue the power of attorney to any authorised representative, it is required to be ensured that such delegation of power is per the Prospective Bidder's constitutional documents and due process.</p>
33.	should the representative be one person or can we appoint two people who are authorized to represent with their joint signatures?	A single authorised representative shall be appointed by the Prospective Bidders in accordance with the provisions of the REOI.
34.	If at EOI stage submission is made as single bidder, and shortlisted to RFP stage, can a bidder then form a consortium with other shortlisted bidders?	As per Clause 4.1(f), the identity or composition of a Prospective Bidder (or, in the case of a Consortium, the Consortium Members) shall not be modified with effect from the EOI Submission Deadline without prior written approval of GoSL, in its exclusive and absolute discretion.
35.	Schedule E representations are extremely broad given references to legal issues / tax issues of Relevant Persons which, in big companies this could be any number of people and company would have no way of knowing personal matters of employees. Can we make minor changes to this Schedule to enable these warranties/ reps to be made?	Formats prescribed under the REOI are to be adhered to by Prospective Bidders. As per Clause 8.2 of the REOI, EOIs which do not conform to the terms and conditions set out in the REOI, shall not be considered as substantially responsive and shall be accordingly rejected.
36.	Is there any indication on the LPG price control? Has GoSL issued any new licenses to companies to supply LPG?	<p>The current domestic LPG Price is based on the cost based pricing formula which is agreed upon with Ministry of Finance. The formula is based on the Saudi Aramco Contract Price. The price is revised every month.</p> <p>It is the policy of the GoSL to promote contestable markets and in a similar way it will apply to the LPG market in Sri Lanka.</p>
37.	Can minority stake holder be an authorised representative of the consortium? In our case, Foreign entity will hold majority stake and Sri Lankan entity will hold minority stake.	As per the REOI, "Lead Member" is defined to mean with respect to a Consortium, the Consortium Member designated as such in the EOI and holding the highest percentage

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		<p>interest, not being less than 25% (twenty five percent), in the Consortium.</p> <p>Further, as per Clause 4.3(a)(ii) of the REOI, the Lead Member shall represent and bind all Consortium Members in all matters relating to the Bidding Process pursuant to a power of attorney executed substantially in the form set forth in Schedule J (1) (Lead Member Power of Attorney) or a Letter of Authority substantially in the format set out in Schedule J (2) (Letter of Authority in favour of Lead Member) to the EOI along with certified true copy of the board resolution of each Consortium Member authorising the signatory of such Power of Attorney or Letter of Authority.</p>