

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

**BID BULLETIN NO. 2**

12 February 2024

TO ALL PROSPECTIVE BIDDERS:

This Bid Bulletin No. 2 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 till date 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:

<b>S. No.</b>	<b>Query</b>	<b>Clarification</b>
1.	<p data-bbox="316 423 632 456">Annex 5 (Content of EOI)</p> <p data-bbox="316 488 815 1693">(i) In accordance with paragraph 1(b) of Annex 5, please provide advance clarification and approval of an alternative document (other than a written power of attorney) to be submitted for confirmation of the Authorised Representative. Our Company is registered in the Dubai International Financial Centre (“DIFC”) in accordance with the Companies Law (DIFC Law No. 5 of 2018). Under DIFC law, it is not a requirement that authority be delegated by way of a power of attorney. The standard articles of association appended to the DIFC Companies Regulations, which have been adopted by our Company, expressly provide that the Board of Directors may delegate any of its powers without specifying any required form (Article 23 of Appendix 2 to the DIFC Companies Regulations). As is customary, the Board exercises this right by way of passing a resolution. Accordingly, a written resolution of the Board of Directors delegating authority to named authorized signatories is a valid and effective delegation under DIFC law. Our Company has always contracted on this basis and, for example, has had various magic circle law firms opine on our capacity and authority to enter into contracts on the basis of such delegated authority.</p> <p data-bbox="316 1729 815 2024">(ii) As the authorized signatories do not have (or require) a power of attorney, we instead requests that a Board resolution confirming the authorized signatories as the CEO, CFO and Executive Director – Middle East be approved, supported by the same authorized signatories being noted on our commercial license as issued by</p>	<p data-bbox="839 423 1406 618">Submission of board resolution in favour of the authorised representative of the Prospective Bidder is already provided for in paragraph 1(a) of Annex 5. Prospective Bidders submitting such board resolutions may strike out paragraph 6 of Schedule A2 while submitting their EOI.</p>

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	<p>the DIFC. It should be noted that all commercial agreements executed by our company are based on the authority provided in this Board resolution.</p> <p>(iii)Further, we will provide a Letter of Authority in Favor of Authorized Representative (Schedule A2), signed by the CFO and appointing the CEO as the Authorized Representative. However, with respect to paragraph 6 therein – we seeks approval to remove this text in line with the reasoning provided above.</p>	
2.	Can the latest financials of LGL & LGLT be shared (covering 2023)?	<p>Historical Financial Statements of LGL and LGTL are available at:</p> <p><a href="#">National Audit Office</a></p> <p>Private companies are not required to file financial statements with the Registrar of Companies where they will be available publicly.</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>
3.	What is the indicative Policy direction on opening the LPG Downstream market for new players post divestiture?	<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; The GoSL is taking steps to promote competition within the sector.</p> <p>All Prospective Bidders will be required to undertake their own independent market analysis and due diligence in preparing their bids.</p>
4.	In a consortium of 2 parties, does the lead member need to satisfy the technical eligibility criteria or can it be satisfied by the other member?	The technical eligibility criteria can be met by a Consortium through all or any of its Consortium Members as per Annex 4, Section A, Paragraph 1 (b)
5.	In Paragraph 1(c)(ii) of Section A, Annex 4, please clarify what is meant by "Non-petroleum oil and gas enterprise". Is this meant to capture entities that are not in the	"Non-petroleum oil and gas enterprise" means any enterprise other than in the oil and gas industry. However, operations of such enterprise should be similar in size and complexity to that

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	oil and gas sector but similar size and complexity? For example a renewable power producer?	<p>of Litro Gas Lanka Limited (LGL) and Litro Gas Terminal Lanka (Private) Limited (LGTL).</p> <p>Please refer to Investment Opportunity document available at below URL for details on the size and complexity of LGL and LGTL.</p> <p><a href="https://www.treasury.gov.lk/api/file/23f73999-a1a1-4a75-bbde-eb3aaba18e9a">https://www.treasury.gov.lk/api/file/23f73999-a1a1-4a75-bbde-eb3aaba18e9a</a></p>
6.	In Paragraph 1(c)(ii) of Section A, Annex 4, please clarify whether successfully undertaking greenfield projects from the start to commissioning and operating, would also qualify in satisfying the following wording - "in acquiring, successfully transitioning ownership and operating".	<p>Prospective Bidders should demonstrate their experience in "acquiring, successfully transitioning ownership and operating a non-petroleum oil and gas enterprise and subsequently managed during a period of at least 5 (five) years post such transaction in immediately preceding 10 (ten) years from the EOI Submission Deadline. Such non-petroleum oil and gas sector experience will need to be of similar size and complexity to the Company. The experience under (i) is preferable but GoSL will consider Prospective Bidders under (ii)."</p> <p>Greenfield projects would not meet successfully transitioning of ownership.</p>
7.	Power of Attorney Schedule A1 or A2  Whether schedule A1 is compulsory	It is not compulsory to submit a power of attorney. A certified true copy of a board resolution or a letter of authority in favour of the authorised representative of the Prospective Bidder may also be provided. Please refer paragraph 4.3(a) of REOI and paragraph 1(a) of Annex 5 in this regard. Prospective Bidders submitting such board resolutions may strike out paragraph 6 of Schedule A2 while submitting their EOI.
8.	<p>Schedule F – Compliance with Financial Eligibility Criteria – Format as per Pg.42 Also refer Pg/ no. 27 &amp; 28 section B for financial eligibility criteria.</p> <p>(a) Since bidder is registered in India, whether exchange rate published by Reserve Bank of India / State Bank of India on March 31, 2023 (FY closing date in India) can be used for converting INR to USD.</p> <p>(b) As per SCHEDULE F, clause A, practicing CA has to certify the net worth (it is mentioned that assets and liabilities need to be certified only by authorised representative of bidder).</p>	<p>(a) As per paragraph 5 of Section B of Annex 4, where the Net Worth is expressed in a currency other than USD, the Prospective Bidders are required to demonstrate its Net Worth by taking the equivalent USD amount at the exchange rate published by the Federal Reserve Board as on the date considered for Net Worth as per the latest audited financial statements which must be dated not earlier than 31 December 2022, or the last day of the entity's fiscal year, whichever is later</p> <p>(b) A practicing chartered accountant means a person having such qualification and permission/ license to practice from a</p>

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	We presume that practicing CA as per Indian laws is any Chartered Accountant who is registered as a member of Institute of Chartered Accountants of India	governmental or regulated authority of such jurisdiction.
9.	<p>Schedule G – Technical Eligibility Criteria (Pg. 43). (Description of experience to be filled)</p> <p>(a) Schedule G, Clause d, Whether auditor experience certificate is required for operation and management or whether this certificate can be issued by a practicing CA or by authorised representative of bidder?</p> <p>(b) If auditor certificate is required for query mentioned above, Please confirm whether a qualified Person who prepares and certifies the audited financial statements of any company in India is sufficient?</p>	<p>(a) Yes. Auditor certificate is required.</p> <p>(b) An auditor is a person who is qualified to prepare and certify financial statements as "Audited" and has the permission/ license to practice from a governmental or regulated authority of such jurisdiction in this regard.</p>
10.	<p>Schedule H - ISO Certification</p> <p>Please note that ISO certification is given for individual facilities and not for entire company. Bidder has multiple facilities viz bottling plant, LPG storage, petroleum product storage, Refineries etc. Trust ISO certification of one of the LPG bottling plant and one LPG storage facilities is sufficient to meet this criteria</p>	Please kindly provide an ISO certification which is provided for the individual facilities of your entity as per Annex 5- Clause 8.
11.	Clause 4: Post EOI submission and selection to shortlisted bidders, whether a bidder can include additional partners?	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.
12.	Clause 2: Whether bidder can bid separately for each company viz Litro Gas Lanka Limited And Litro Gas Terminal Lanka (Private) Limited or whether bidder can bid only for one company?	Secretary to the Treasury of the GoSL (the "Selling Shareholder") intends to sell entire shareholding (the "Identified Shares") in Litro Gas Lanka Limited and Litro Gas Terminal Lanka (Pvt) Limited (collectively the "Company") through a competitive bidding process (the "Bidding Process").
13.	Pg. 29 Clause 2: Schedule B (Organization Chart)	The mostlatest details of the ultimate beneficial ownership should be provided.

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	<p>A comprehensive organization chart showing or narrative text describing how the Prospective Bidder (or, where the Prospective Bidder is a Consortium, each Consortium Member) and its Connected Party is owned, up to the level of ultimate beneficial ownership and identifying by name the Person holding (at any level in the organization structure) an aggregate ultimate beneficial interest of at least 5% (five percent), as Schedule B (Organization Chart) of the EOI.</p> <p>Kindly confirm whether the beneficial ownership details to be given as on current date or as at the date of last audited financial year i.e. 31.03.2023. Organization chart will be submitted post signing by authorized representative.</p>	
14.	<p>Pg 29, Schedule A, Clause d (KYC)</p> <p>Trust Govt of India Identity card is acceptable as KYC document</p>	<p>Yes. Documents issued by any governmental or regulatory authority establishing and verifying the identity of a person is acceptable.</p>
15.	<p>Pg. 41, clause (j)</p> <p>Neither it nor its Connected Party have operations in the LPG sector in Sri Lanka. OR [neither it nor its Connected Party, upon being chosen as a Successful Bidder, would have a Post Divestiture Market Share of 50% (fifty percent) or more.]<sup>4</sup></p> <p>As per Pg. 21 “Litro Gas Lanka Limited is a state-owned LPG distributor. It is the largest importer and supplier of LPG in Sri Lanka with ~85% (eighty five percent) market share”.</p> <p>How limit of post divestiture market share of 50% as per Clause (j) of Pg. 41 will be applicable as Litro gas Lanka Ltd. is already having 85% market share.</p>	<p>This clause is applicable for any Prospect Bidder or its Connected Party operating in the LPG sector in Sri Lanka.</p>
16.	<p>Whether the EOI document (hard copy &amp; soft copy) can be couriered to the address specified or it need to submitted in</p>	<p>Yes. EOI can be couriered to the address provided for submission of EOIs as per Annex 1- Data Sheet;</p>

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	person? Whether bidder have to witness the opening of EOI?	<p>Chairman, Special Cabinet Appointed Negotiating Committee, State Owned Enterprises Restructuring Unit, Ministry of Finance, Economic Stabilization &amp; National Policies 3rd Floor, Lotus Building, Temple Trees, Colombo 03, Sri Lanka.</p> <p>Whilst, Prospective Bidders shall be entitled to attend the opening of EOIs, it is not mandatory.</p>