

REQUEST FOR QUALIFICATION

TO

**IMPORT, EXPORT, BLEND, PRODUCE, SUPPLY,
DISTRIBUTE OR SELL LUBRICANTS**

IN SRI LANKA

REF. NO. 01/2018/LUB

**Ministry of Petroleum Resources Development
80, Sir Ernest De Silva Mawatha, Colombo 07, Sri Lanka**

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ABBREVIATIONS

ACEA	European Automobile Manufacturers Association
API	American Petroleum Institute
ATF	Automatic Transmission Fluid
CANC	Cabinet Appointed Negotiating Committee
CPC	Ceylon Petroleum Corporation
CSE	Colombo Stock Exchange
CVT	Continuously Variable Transmission
GOSL	Government of Sri Lanka
ILAC	International Laboratory Accreditation Corporation
KB	Kilo Barrel
KL	Kilo Litre
LKR	Sri Lanka Rupees
LLL	Lanka Lubricants Limited
OEM	Original Equipment Manufacturer
PC	Project Committee
PUCSL	Public Utilities Commission of Sri Lanka
RFQ	Request for Qualification
SAPS	Sulphated Ash, Phosphorous, Sulphur
SLSI	Sri Lanka Standards Institution
USD	United States Dollar

DEFINITION OF TERMS USED PERTAINING TO THE GRANTING OF AUTHORIZATION

Activity A1	To import, export, blend, produce, supply, distribute or sell Lubricants and Greases in Sri Lanka
Activity A2	To import, export, supply, distribute or sell Lubricants and Greases in Sri Lanka
Activity B	To import, export, supply, distribute or sell Genuine Transmission Oil (Continuously Variable Transmission Oil, Automatic Transmission Fluid, Gear Oil) in Sri Lanka
Activity C	To import, export, supply, distribute or sell Marine Lubricants and Greases in Sri Lanka
Agreement A1	The agreement to be executed between the Government of Sri Lanka and the selected party to import, export, blend, produce, supply, distribute or sell Lubricants and Greases in Sri Lanka
Agreement A2	The agreement to be executed between the Government of Sri Lanka and the selected party to import, export, supply, distribute or sell Lubricants and Greases in Sri Lanka
Agreement B	The agreement to be executed between the Government of Sri Lanka and the selected party to import, export, supply, distribute or sell Genuine Transmission Oil (CVT, ATF, Gear Oil) in Sri Lanka
Agreement C	The agreement to be executed between the Government of Sri Lanka and the selected party to import, export, supply, distribute or sell Marine Lubricants and Greases in Sri Lanka
Registration Fee	The fee payable in Sri Lankan Rupees for the authorization to carry out Activity A1, Activity A2, Activity B or Activity C

INTRODUCTION

The Government of Sri Lanka (GOSL) has liberalized the lubricant market with a view to creating healthy competition for quality lubricants in Sri Lanka.

Accordingly, the Ministry of Petroleum Resources Development (Ministry) on behalf of the GOSL invites applications in response to the advertisement published by the Ministry.

A. Lubricants & Greases

- (i) To import, export, blend, produce, supply, distribute or sell ("Activity A1") or
- (ii) To import, export, supply, distribute or sell ("Activity A2"),

Lubricants and Greases in Sri Lanka

B. Genuine Transmission Oil (CVT, ATF, Gear Oil)

To import, export, supply, distribute or sell Genuine Transmission Oil (CVT, ATF, Gear Oil) recommended by an OEM, in Sri Lanka ("Activity B ")

C. Marine Lubricants and Greases

To import, export, supply, distribute or sell Marine Lubricants and Greases, in Sri Lanka ("Activity C ")

Note: Parties who apply for Activities A1 and A2 (Lubricants and Greases), upon selection, will be authorized to carry out respective activities for all market categories of Lubricants including Genuine Transmission Fluids (Activity B) and Marine Lubricants and Greases (Activity C). Parties who apply for Activity B (Genuine Transmission Fluids) and Activity C (Marine Lubricants and Greases), upon selection, will be authorized to carry out respective activities for only that market category.

The purpose of this Request for Qualification (RFQ) is to select through an evaluation process suitable parties possessing lubricant business experience and an established brand meeting the highest standards of quality as well as financial capability to import, export, blend, produce, supply, distribute or sell lubricants in Sri Lanka.

1. GENERAL INFORMATION

1.1 Sri Lanka: Country Overview

Sri Lanka is a tropical island nation off the southern tip of the Indian subcontinent. It encompasses a land area of 65,610 sq. km. Temperature levels vary from 16°C to 33°C with humidity varying between 70% and 95%. Strategically located along the Europe – Far East shipping and air routes, it has a population of approximately 21.2 million increasing at 1.1% per annum of whom 93.2% are literate.

Sri Lanka has a tropical monsoon climate with heavy seasonal rainfall. Although small, the country has two climatic zones, the wet and dry. The Southwest monsoon season is from May to September and Northeast monsoon is from December to February. Annual average rainfall in the Southwest varies from 2500 mm to 5,000 mm. In the Northwest and in the Southeast, annual average rainfall is less than 1,250 mm.

1.2 Historical/Political Background

Sri Lanka gained independence from the British in 1948. The Republic of Sri Lanka, formally known as Ceylon, was established in 1972 and following constitutional reforms became the Democratic Socialist Republic of Sri Lanka in 1978. In 1978, steps were taken to open up the Sri Lankan market and encouraged foreign investment. Since 1987, successive governments have taken steps to promote Public/Private partnerships for State enterprises.

1.3 Sri Lanka Capital Market

The Colombo Stock Exchange (CSE) was established in 1985 as the successor to the Colombo Share Brokers Association, which carried out share trading from 1896. The Market remained inactive until 1977 when the Government committed itself to an open economy and needed to mobilize savings to meet the capital requirements of the private sector. The introduction of capital market liberalization resulted in an infusion of both foreign and domestic capital in to the market.

1.4 Basic Economic Indicators

	2008	2009	2010	2011	2012	2013	2014	2015	2016 ^(a)
Demography									
Mid Year Population ^(b) , '000	20,246	20,476	20,675	20,892 ^(c)	20,425 ^(c)	20,585 ^(c)	20,771 ^(a)	20,966 ^(a)	21,203
Mid Year Population Growth, %	1.0	1.1	1.0	1.1 ^(c)	1.0 ^(c)	0.8 ^(c)	0.9 ^(a)	0.9 ^(a)	1.1
Labour Force, Participation Rate % (% of Household Population) ^(d)	49.5 ^(e)	48.7 ^(e)	48.1 ^(e)	52.9 ^(f)	52.5 ^(f)	53.7 ^(f)	53.2 ^(f)	53.8 ^(f)	53.8 ^(f)
Unemployment, % of Labour Force ^(d)	5.4 ^(e)	5.8 ^(e)	4.9 ^(e)	4.2 ^(f)	4.0 ^(f)	4.4 ^(f)	4.3 ^(f)	4.7 ^(f)	4.4 ^(f)
National Accounts^(g)									
GNI (Market Prices) : Rs. Bn.	4,306	4,779	6,344	7,147	8,578	9,366	10,125 ^(c)	10,670 ^{(a)(c)}	11,506
US \$ Bn.	39.7	41.6	56.1	64.6	67.2	72.5	77.6 ^(c)	78.5 ^{(a)(c)}	79.0
Per Capita GNI ^(h) : Rs.	212,667	233,419	306,839	342,096	419,955	454,993	487,462 ^(c)	508,936 ^{(a)(c)}	542,669
US \$	1,963	2,031	2,714	3,094	3,291	3,524	3,734 ^(c)	3,744 ^{(a)(c)}	3,727
GDP (Market Prices) : Rs. Bn.	4,411	4,835	6,414	7,219	8,732	9,592	10,361 ^(c)	10,952 ^{(a)(c)}	11,839
US \$ Bn.	40.7	42.1	56.7	65.3	68.4	74.3	79.4 ^(c)	80.6 ^{(a)(c)}	81.3
Real GDP Growth, %	6.0	3.5	8.0 ⁽ⁱ⁾	8.4	9.1	3.4	5.0 ^(c)	4.8 ^{(a)(c)}	4.4
GDP by Economic Activities, Constant Prices, % of GDP^(g)									
Agriculture	12.1	12.0	8.5	8.2	7.8	7.8	7.8 ^(c)	7.8 ^{(a)(c)}	7.1
Industry	28.4	28.6	26.6	26.9	26.8	27.0	26.9 ^(c)	26.2 ^{(a)(c)}	26.8
Services	59.5	59.3	54.6	54.9	55.9	56.2	56.1 ^(c)	56.6 ^{(a)(c)}	56.5
Taxes less Subsidies on Products	-	-	10.2	10.0	9.4	9.0	9.2 ^(c)	9.4 ^{(a)(c)}	9.6
Expenditure and Savings at Current Market Prices, % of GDP^(g)									
Consumption	86.1	82.1	76.9	79.8	72.8	75.4	75.8 ^(c)	79.1 ^{(a)(c)}	76.2
Private Consumption	70.0	64.4	68.5	71.3	65.2	67.6	67.4 ^(c)	70.1 ^{(a)(c)}	67.6
Government Consumption	16.2	17.6	8.5	8.6	7.6	7.8	8.4 ^(c)	9.0 ^{(a)(c)}	8.6
Investment	27.6	24.4	30.4	33.4	39.1	33.2	32.3 ^(c)	28.4 ^{(a)(c)}	31.5
Domestic Savings	13.9	17.9	23.1	20.2	27.2	24.6	24.2 ^(c)	20.9 ^{(a)(c)}	23.8
National Savings	17.8	23.7	28.5	26.3	33.3	29.9	29.8 ^(c)	26.0 ^{(a)(c)}	28.9

(a) Provisional.

(b) Estimates upto 2011 are based on Census of Population and Housing 2001 and from 2012 onwards, estimates are based on the Census of Population and Housing 2012.

(c) Revised.

(d) Data upto 2010 are for the household population aged 10 years and above and data from 2011 onwards are for the household population aged 15 years and above.

(e) Including Eastern Province but excluding Northern Province.

(f) Data covers the entire island.

(g) From 2007-09 the data is under the 2002 base year prices while 2010 onwards the data is based on the base year 2010 GDP estimates of the Department of Census and Statistics.

(h) Estimates updated with latest population figures.

(i) Data is under the 2002 base year.

Note: In July 2016, the Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards.

Source: Central Bank Report on "Economic and Social Statistics of Sri Lanka 2017"

2. BACKGROUND

2.1 The Petroleum Industry

The petroleum industry in Sri Lanka currently comprises of only downstream activities i.e. importing, exporting, producing, storing, distributing, transporting, wholesaling and retailing of petroleum products and importing, distributing, storing, refining and blending of petroleum resources.

Since its inception in 1961, for over three decades, the state-owned Ceylon Petroleum Corporation (CPC) was responsible for almost all the activities in the industry. However, the industry has since undergone significant structural changes, as a result of which at present there are a number of private participants operating in different markets within the downstream petroleum industry. The parties operating in the various petroleum product markets as at end of 2017 are given in the table below.

Market	Company
Petroleum Fuels Market*	Ceylon Petroleum Corporation Lanka Indian Oil Company Limited
Aviation Fuel Market	Ceylon Petroleum Corporation
LPG Market	Litro Gas Limited (Formerly Shell Gas) Laugfs Gas (Pvt) Limited
Marine Fuel (Bunkering) Market	Lanka Marine Services (Pvt) Ltd. Lanka Maritime Services Ltd. Lanka Bunkering Services (Pvt) Ltd. Lanka IOC Ltd. Inter Ocean Energy (Pvt) Ltd. Moceti International (Pvt) Ltd Mc Marine (Pvt) Ltd. Magampura Port Management Company (Pvt) Ltd. A.B.C.C. Phoenix Shipping (Pvt) Ltd. Ocean Marine Service (Pvt) Ltd. Ceylon Petroleum Storage Terminals Ltd.
Lubricant Market	See section 2.2 and 2.3 for details

*Petrol, Diesel, Kerosene, Furnace Oil, Naphtha and Other Mineral Petroleum

2.2 The Lubricant Market

During the year 2017, lubricants (automotive, marine and industrial) sales amounted to 64,485 Kilo Litres at a value of LKR 26.5 Billion. The automotive, industrial, marine and other (including greases) lubricant sales accounted for approximately 72.58%, 16.48%, 6.45% and 4.49% of the market amounting to LKR19.7 Billion, LKR 3.6 Billion, LKR 1.5 Billion and LKR 1.78 Billion respectively. During this period, approximately 45,367 Kilo Litres was blended locally, while approximately 24,740 Kilo Litres was imported as finished products. In addition, during the same period, 4,568 Kilo Litres of Lubricants were exported to regional markets. There exists greater potential for such exports, especially in view of bi/multi-lateral concessionary trade agreements between Sri Lanka and other countries (Source: Public Utilities Commission of Sri Lanka).

2.3 Evolution/History of the Market

In 1971, the GOSL vested the right to import, export, blend, produce, supply, distribute or sell lubricants exclusively with CPC. Thereafter, in 1992, CPC incorporated Lanka Lubricants Limited (LLL) as a wholly owned subsidiary to take over its lubricant operations. Subsequently, in 1994, the GOSL divested a majority of shares in LLL (now Chevron Lubricants Lanka Limited) to Caltex Trading & Transport Corporation of Dubai (now Chevron Ceylon Limited) with certain concessions.

In 1998, the market was partially liberalized with the introduction of competition when six concessionaires were allowed to import, export, supply, distribute or sell (not blend or produce) finished lubricants. These concessionaires were allowed to operate through a Nominee (local agent). With the merger of BP and Castrol, by end 2006, there were six reputed international lubricant brands operating in Sri Lanka, of which only one brand (Chevron) was authorized to blend and produce lubricants locally. The list of brands, concessionaires and nominees, if any, are identified below:

	Brand(s)	Concessionaire	Nominee
1.	BP/CASTROL	BP Middle East Ltd/Castrol India Ltd.	Associated Motorways (Pvt.) Ltd.
2.	CALTEX, CHEVRON, TEXACO, LANKA	Chevron Corporation	Chevron Lubricants Lanka Ltd.
3.	MOBIL, ESSO, EXXON, CATERPILLAR	Mobil Asia Pacific (Pvt) Ltd.	McLarens Lubricants Ltd.
4.	SERVO	Indian Oil Corporation Ltd.	Lanka IOC (Pvt.) Ltd.
5.	SHELL	Shell Trading Middle East (Pvt.) Ltd.	N M Distributors (Pvt.) Ltd.
6.	VALVOLINE	Valvoline (Australia) (Pvt.) Ltd.	United Motors Lanka Ltd.

In 2004, the original agreements entered into with the aforementioned parties, including the concessions granted to LLL, lapsed. Hence, in 2006, the GOSL authorized existing market participants to continue their operations for a period of 5 years commencing 1st January 2006. GOSL granted a further extension to existing market participants to continue their operations for further five years commencing 1st January 2011.

Thereafter, with the objective of creating healthy competition for high quality lubricants, the GOSL fully liberalized the lubricant market, subject to the imposition of specific entry criteria. Thus, nine new brands (Indian Oil Corporation Limited, which has been authorized to carry out Activity A2, applied for an authorization to carry out Activity A1) were selected to enter the lubricant market. Of the nine brands, only Indian Oil Corporation Limited has been authorized to carry out Activity A1, while the rest have only been authorized to carry out Activity A2. The list of brands, brand owner, applicant and nominees, if any, are identified below:

	Brand	Brand Owner	Applicant	Nominee
1.	GULF *	Gulf Oil International Ltd.	Gulf Oil Middle East Ltd.	Western Auto Lanka Pvt. Ltd.
2.	HYRAX OIL	Hyrax Oil Sdn Bhd	Ceylon Petroleum Corporation	
3.	LAUGFS	Laugfs Holdings Ltd.	Laugfs Holdings Ltd.	Laugfs Lubricants Ltd.
4.	MAK	Bharat Petroleum Corporation	Bharat Petroleum Corporation Ltd.	TVS Lanka (Pvt) Ltd.
5.	MOTUL	Motul S. A.	Motul	Dynamic Motors
6.	SERVO	Indian Oil Corporation Ltd.	Indian Oil Corporation Ltd.	Lanka IOC (Pvt.) Ltd.
7.	SINOPEC	Lubricant Company Sinopec Corporation	Lubricant Company Sinpoec Corporation	Interocean Lubricants (Pvt) Ltd.
8.	TOTAL, ELF	Total S. A. France	Total Oil India Private Ltd.	Navaloka ABC Petroleum (Pvt) Ltd.
9.	TOYOTA GENUINE OIL	Toyota Motor Corporation	Toyota Tsusho Corporation	Toyota Lanka (Pvt) Ltd.

*Gulf Oil exited the market in January 2011

In the year 2014 authority granted to Laugfs Holdings Limited was changed from Activity 2 to Activity 1 by allowing Laugfs Holdings Limited to blend and produce lubricants in Sri Lanka. The current list of brands, companies and their nominees, if any, have been listed below.

	Brand(s)	Company	Nominee
1.	BP, CASTROL	BP Middle East LLC.	Associated Motorways Ltd.
2.	CALTEX, CHEVRON, TEXACO, LANKA	Chevron Ceylon Ltd.	Chevron Lubricants Lanka PLC
3.	EXXONMOBIL, ESSO, MOBIL, CAT	ExxonMobil Asia Pacific Pte. Ltd.	McLarens Lubricants Ltd.
4.	GREATEWALL, SINOPEC	Lubricant Company Sinopec Corporation	Interocean Lubricants Ltd.
5.	HYRAX OIL	Ceylon Petroleum Corporation	
6.	LAUGFS	Laugfs Holdings Limited	Laugfs Lubricants Ltd.
7.	MAK	Bharat Petroleum Corporation Ltd.	TVS Lanka (Pvt) Ltd.
8.	MOTUL	Motul	Transmec International
9.	SERVO	Indian Oil Corporation Ltd.	Lanka IOC PLC
10.	SHELL	Shell Markets (Middle East) Ltd.	N. M. Distributors (Pvt) Ltd.
11.	TOYOTA GENUINE OIL	Toyota Tsusho Corporation	Toyota Lanka (Pvt) Ltd.
12.	TOTAL, ELF	Total Oil India Private Ltd.	Navaloka Petroleum (Pvt) Ltd.
13.	VALVOLINE	Valvoline LLC.	United Motors Lanka Ltd.

2.4 Legal & Regulatory Framework

The downstream petroleum industry is primarily governed by the Ceylon Petroleum Corporation Act, No. 28 of 1961 and the Petroleum Products (Special Provisions) Act, No. 33 of 2002. In order to import, export, sell, supply or distribute petroleum in Sri Lanka, including lubricants an authorization or a license respectively must be obtained under the same, in addition to other approvals required under any other applicable legislation.

The regulation of the downstream petroleum industry came under the purview of the Energy Supply Committee established under the Energy Supply (Temporary Provisions) Act, No. 2 of 2002, the term of which lapsed in 2004. Therefore, a new legal and regulatory framework is being established under the purview of the Public Utilities Commission of Sri Lanka (PUCSL) by the amendment of the Petroleum Products (Special Provisions) Act No.33 of 2002.

The Lubricant agreements annexed herewith, which will be executed between the Government of Sri Lanka and selected parties for a five-year period, will lapse once the proposed amendments to Act, No. 33 of 2002 are enacted. However, upon application, such parties would receive an authorization to carry on the same activities for the balance period in terms of the said proposed amendment.

3. MINIMUM REQUIREMENTS FOR APPLICANTS

Applicants have the option to submit applications to carry out any one of the following activities: "Activity A1", "Activity A2", "Activity B" or "Activity C".

3.1 Requisite Qualifications to Import, Export, Blend, Produce, Supply, Distribute or Sell Lubricants and Greases (Activity A1) in Sri Lanka

3.1.1 Brand

The Applicant must have ownership of the lubricant brand or an authorization (agency) from the brand owner to import, export, blend, produce, supply, distribute or sell the respective brand of lubricants in Sri Lanka.

3.1.2 Technical

3.1.2.1 Lubricant Brand

- i. At least one of the lubricant formulations must have a currently valid certification meeting API SM level or ACEA C1 level complying with low "SAPS" requirement meeting viscosity grades SAE 0W-20, SAE 0W-30, SAE 5W-20 or SAE 5W-30 suitable for modern/new generation engines.
- ii. At least one of the lubricant formulations must have obtained within the last two years an approval from an OEM listed in Annex IX stating that the oil is suitable for use in their engines.

3.1.2.2 Blending Plant

The lubricant plant(s) must conform to the minimum requirements specified in Annex VIII.

Note: With respect to blending or producing lubricants in Sri Lanka, authorization will be granted only upon the successful construction of the blending plant. In this regard, the GOSL will convey its written intention to grant authorization (see Annex XVI), enabling the successful applicant to proceed with the construction of the blending plant. Upon completing the construction of the blending plant and upon the GOSL being satisfied that that the blending plant has been constructed in accordance with the Technical Specifications set out in Annex VIII, the GOSL shall execute the Agreement authorizing blending or producing of lubricants at the said plant. The GOSL shall not execute the

Agreement and blending or producing of lubricants shall not take place at the plant in the event the GOSL is not satisfied that the blending plant has been constructed in accordance with the Technical Specifications set out in Annex VIII.

3.1.3 Operational

The Applicant must possess at least 5-years of experience in the lubricants business, either local or international.

3.1.4 Financial

The Applicant must have the financial capability of investing a minimum of USD 5.0 Million or its equivalent in Sri Lanka Rupees.

3.2 Requisite Qualifications to Import, Export, Supply, Distribute or Sell Lubricants and Greases (Activity A2) in Sri Lanka

3.2.1 Brand

The Applicant must have ownership of the Lubricant brand or an authorization (agency) from the brand owner to import, export, supply, distribute or sell the respective brand of lubricants in Sri Lanka.

3.2.2 Technical

3.2.2.1 Lubricant Brand

- i. At least one of the lubricant formulations must have a currently valid certification meeting API SM level or ACEA C1 level complying with low "SAPS" requirement meeting the viscosity grades SAE 0W-20, SAE 0W-30, SAE 5W-20 or SAE 5W-30 suitable for modern/new generation engines.
- ii. At least one of the lubricant formulations must have obtained within the last two years an approval from an OEM listed in Annex IX, stating that the oil is suitable for use in their engines.

3.2.2.2 Blending Plant

The lubricant blending plant(s), either own blending plant(s) or toll blending plant(s), must conform to the minimum requirements specified in Annex VIII.

3.2.3 Operational

The Applicant must possess at least 5-years of experience in the lubricants business, either local or international.

3.2.4 Financial

The Applicant must have the financial capability of investing a minimum of USD 1.0 Million or its equivalent in Sri Lanka Rupees.

3.3 Requisite Qualifications to Import, Export, Supply, Distribute or Sell Genuine Transmission Oil (CVT Oil, ATF, Gear Oil) Recommended by an OEM (Activity B) in Sri Lanka

3.3.1 Accredited Agency

The Applicant must be the sole accredited agent of the OEM in Sri Lanka.

3.3.2 Technical

The Applicant must have a certification from the OEM stating that the recommended Genuine Transmission Oil(s) (Continuously Variable Transmission Oil, Automatic Transmission Fluid and/or Gear Oil) are the only lubricants that can be used in the equipment manufactured by the OEM and that warranties on the said equipment will be null and void if any other lubricants are used.

3.3.3 Operational

The Applicant must possess at least 5-years of experience in the lubricants business.

3.3.4 Financial

The applicant must have maintained a positive average net financial worth during the last three years.

3.4 Requisite Qualifications to Import, Export, Supply, Distribute or Sell Marine Lubricants and Greases (Activity C) in Sri Lanka

3.4.1 Brand

The Applicant must have ownership of the lubricant brand or an authorization (agency) from the brand owner to import, export, supply, distribute or sell the respective brand of lubricants in Sri Lanka.

3.4.2 Technical

3.4.2.1 Lubricant Brand

At least one of the marine lubricant formulations must have obtained within the last two years an approval from at least one of the low/medium speed main marine engine builders listed in Annex X.

3.4.2.2 Blending Plant

Lubricant blending plant(s), either own blending plant(s) or toll blending plant(s), must conform to the minimum requirements specified in Annex VIII.

3.4.3 Operational

The Applicant must possess at least 5-years of experience in the marine lubricants business, either local or international.

3.4.4 Financial

The Applicant must have the financial capability of investing a minimum of USD1.0 Million or its equivalent in Sri Lanka Rupees.

4. AUTHORIZATION AND REGISTRATION FEE

4.1 Lubricants and Greases

Qualified parties will be authorized to import, export, blend, produce, supply, distribute or sell lubricants and greases (Activity A1) or import, export, supply, distribute or sell lubricants and greases (Activity A2) in Sri Lanka for a period 5-years for an annual registration fee equivalent to Sri Lanka Rupees Five Million (LKR 5,000,000/-) or 0.75% of total invoiced sales (excluding any sales taxes) per annum, whichever is higher, which will be levied bi-annually.

4.2 Genuine Transmission Oil

Qualified parties will be authorized to import, export, supply, distribute or sell Genuine Transmission Oil (CVT, ATF, Gear Oil) in Sri Lanka for a period of 5 years on the payment of an annual registration fee equivalent to Sri Lanka Rupees One Hundred Thousand (Rs.100,000/-) or 0.75% of total invoiced sales (excluding any sales taxes) per annum, whichever is higher, which will be levied bi-annually.

4.3 Marine Lubricants and Greases

Qualified parties will be authorized to import, export, supply, distribute and sell Marine Lubricants and Greases in Sri Lanka for a period of 5 years on the payment of an annual registration fee equivalent to Sri Lanka Rupees Two Hundred and Fifty Thousand (Rs. 250,000/-) or 0.75% of total invoiced sales (excluding any sales taxes) per annum, which will be levied bi-annually.

5. SELECTION PROCESS

5.1 General Information

This section of the RFQ describes the steps involved in the process of submitting an application, the essential contents of the RFQ, and the procedures that the GOSL currently intends to implement in order to select new entrants. The GOSL may however, at any time, without prior notice, at its sole discretion, modify the selection and evaluation process.

5.2 Notice Concerning Information Provided by the Government of Sri Lanka

THIS REQUEST FOR QUALIFICATION (RFQ) HAS BEEN COMPILED FOR INFORMATION PURPOSES TO ASSIST RECIPIENTS IN MAKING AN ASSESSMENT OF THE LUBRICANT MARKET AND DOES NOT PURPORT TO CONTAIN ALL OF THE INFORMATION THAT A PROSPECTIVE LICENSEES MAY REQUIRE.

APPLICANTS SUBMITTING APPLICATIONS (HEREINAFTER SOMETIMES CALLED AND REFERRED TO AS "APPLICANTS") SHALL CONDUCT AND ARE SOLELY RESPONSIBLE FOR CONDUCTING THEIR OWN INDEPENDENT RESEARCH BASED ON THIS INFORMATION OR OTHER INFORMATION PROVIDED BY THE GOSL AND ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR ADVISERS. FURTHERMORE, THE SAID "APPLICANTS" SHALL CONDUCT AND ARE SOLELY RESPONSIBLE FOR CONDUCTING THEIR OWN DUE DILIGENCE AND OTHER WORK NECESSARY FOR THE SUBMISSION OF APPLICATIONS AND THE SUBSEQUENT PERFORMANCE OF OBLIGATIONS OR DELIVERY OF SERVICES PURSUANT TO ANY AGREEMENT. THE GOSL DOES NOT TAKE ANY RESPONSIBILITY FOR THE COMPLETENESS OR THE ACCURACY OR THE MATERIALITY OF ANY INFORMATION PRESENTED IN THIS RFQ OR OTHERWISE DISTRIBUTED OR MADE AVAILABLE DURING THE PROCESS OR DURING THE TERM OF ANY SUBSEQUENT AGREEMENT. NO WRITTEN OR ORAL INFORMATION INCLUDING OPINIONS GIVEN BY THE GOSL OR ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR ADVISERS SHALL BE CONSIDERED LEGALLY BINDING BY THE APPLICANTS SUBMITTING APPLICATIONS.

SUCCESSFUL APPLICANTS WILL BE AUTHORISED, UNDER THE CEYLON PETROLEUM CORPORATION ACT, NO. 28 OF 1961 AND ISSUED A LICENSE, FROM THE CONTROLLER OF IMPORTS & EXPORTS. SUCCESSFUL APPLICANTS MUST, HOWEVER, OBTAIN ALL THE OTHER REQUISITE AUTHORIZATIONS FROM RELEVANT GOVERNMENT AGENCIES.

5.3 Notice of GOSL Rights and Disclaimers

5.3.1 Participation in the Process

Applications may be submitted by any domestic or foreign entity possessing the requisite qualifications. In the case of a foreign entity, applications may be submitted by the Brand Owner or an Agent - directly or through a duly authorised representative with a Special Power of Attorney in the format given in Annexure VII (Form F). However, the application should be perfected in respect of the Brand Owner or Agent and the relevant Lubricant agreement will be executed with the Brand Owner or Agent. However, a foreign applicant may nominate a locally registered company to carryout activities, provided that the GOSL shall have consented to such nomination.

5.3.2 GOSL Investigations

The GOSL may investigate the qualifications of any applicant under consideration, require confirmation of information furnished by an applicant, or require additional information to provide the services or otherwise discharge the obligations required by the RFQ.

In order to safeguard the Country's best interests, the GOSL or its authorized representatives shall have the right of access to visit and inspect the Company/its' facilities/operations at any time with prior notice.

5.3.3 GOSL Reserved Rights

The GOSL reserves the right, at its sole and absolute discretion, and notwithstanding any other provision of this RFQ to;

- Reject any or all applications or any portion thereof;
- Determine which applicant is responsible and qualified;
- Issue subsequent addendum to the RFQ;
- Terminate at any time the submission of applications and selection process;
- Conduct negotiations with or without the assistance of outside professionals;
- Disclose information contained in the applications except for business development plans to any interested applicant or to the public;
- Interview and hold discussions with any applicant at any time after receipt of application if and when clarification to the application is required;
- Waive any deficiency, informality, or other irregularity in any application that does not affect the substance of the application.

This RFQ does not commit the GOSL to enter into an Agreement, nor does it obligate the GOSL under any circumstances to pay for any costs incurred in the preparation and submission of applications; for market research and interviews; for the preparation of responses to questions and requests for additional information; or for anything in any way related to this RFQ. In submitting an application, the party submitting the application (including all related parties) disclaims and voluntarily and knowingly waives any and all rights to reimbursement for any such costs.

5.4 Due Diligence Guidelines

As part of this RFQ document, information is provided to guide interested parties. However, neither the GOSL nor PUCSL makes representations or warranty whether expressed or implied as to the truth, accuracy and comprehensiveness of information contained therein. **Therefore, parties submitting applications are responsible for and are encouraged to conduct their own research.**

Any further comments or questions regarding the due diligence process may be directed to PUCSL

5.5 Pre-Qualification Conference

A Pre-Qualification Conference will be held to provide an overview of the RFQ. It will also provide a forum to answer questions from Applicants in relation to lubricants industry, the application and selection process and contractual agreements. Applicants are requested to send in their questions in writing a week prior to the date of the Pre-Qualification Conference. The Pre-Qualification Conference will be held at the office of the Secretary, Ministry of Petroleum Resources Development, 80, Sir Ernest de Silva Mawatha, Colombo 7, Sri Lanka on the 4th October 2018. Potential applicants are requested to confirm attendance along with the name(s) and title(s) of their representative(s). Questions and details of representative(s) should be forwarded to fax : +94112372115 or email: lubricants@petroleummin.gov.lk

All Applicants are strongly encouraged to attend the Pre-Qualification Conference. However, failure to attend will not disqualify an Applicant from selection. Attendance at the Pre-Qualification Conference will be limited to two (2) persons per Applicant.

5.6 Application Due Date

One (1) original Application and four (4) copies must be submitted to the GOSL on or before the Application due date and time. **Applications shall be delivered with copies in separate sealed packages** clearly marked. Applications must be addressed to and received at the following location no later than **3.00p.m. Local time on 5th November, 2018** (the 'due date for Application'):

Chairperson

Cabinet Appointed Negotiation Committee

C/o Secretary

Ministry of Petroleum Resources Development,

80, Sir Ernest de Silva Mawatha,

Colombo 07

On the top left-hand corner of each envelope please quote **"REF. NO.**

Parties submitting Applications are solely responsible for timely delivery of applications. Any application received after the time and date specified shall be rejected by the GOSL. Upon written or facsimile request of the party who has submitted an application, the same may be withdrawn, but not after 3.00 p.m. local time on the due date.

5.7 Summary of the Application Schedule

Please note that the Cabinet Appointed Negotiating Committee (CANC) reserves the right to revise the schedule.

Due Date and Time for submitting Applications - 5th November, 2018 (3.00p.m. Local time)

Evaluation of Applications - 19th December, 2018

Execution of Agreement - 25th February, 2019

5.8 Confidentiality

All applications submitted to the GOSL in response to this RFQ become the property of the GOSL which reserves the right, at its sole discretion, to use without limitation any and all information, concepts and data contained therein. Notwithstanding the foregoing, the contents of the Application shall not be disclosed during the review period. Upon completion of qualifying/selecting parties and pursuant to the requirement for transparency in the process, the GOSL will consider all documents to be public records.

5.9 Undertaking to Pay

All Applicants must forward an Undertaking to pay:

- i. a sum of **Sri Lanka Rupees Two Million and Five Hundred Thousand (LKR 2,500, 000/-)** issued by a Licensed Commercial Bank, registered in Sri Lanka and approved by the Central Bank of Sri Lanka, and be valid for a period of **six (06) months** from **5th November, 2018 when applying for Activity A1 and Activity A2**
- ii. a sum of **Sri Lanka Rupees Fifty Thousand (LKR 50,000)** issued by a Licensed Commercial Bank, registered in Sri Lanka and approved by the Central Bank of Sri Lanka, and be valid for a period of **six (06) months** from **5th November, 2018 when applying for Activity B**
- iii. a sum of **Sri Lanka Rupees One Hundred and Twenty Five Thousand (LKR 125,000/-)** issued by a Licensed Commercial Bank, registered in Sri Lanka and approved by the Central Bank of Sri Lanka, and be valid for a period of **six (06) months** from **5th November, 2018 when applying for Activity C**

The applicant should ensure that the validity period of the Undertaking to Pay is extended if necessary, upon request of the GOSL/CANC/PUCSL

Undertaking to pay of unsuccessful applicants will be returned after the awarding of the authorization/licenses to successful applicants.

5.10 Application Formats and Content

5.10.1 General

The Application contains the following sections:

ANNEX I - FORM A1	Business Information of the Brand Owner
ANNEX II - FORM A2	Business Information of the Agent (if applicable)
ANNEX III - FORM B	Operational and Technical Information of the Brand Owner and Brand
ANNEX IV - FORM C	Financial Information and Documentation of the Applicant
ANNEX V - FORM D	Business Proposal
ANNEX VI - FORM E	Undertaking to Pay from the Brand Owner, Agent or Representative
ANNEX VII - FORM F	Special Power of Attorney from the Applicant (if applicable)

Applicants will have the option to submit applications to carry out any one of the activities "Activity 1", "Activity 2", "Activity B" or "Activity C". Note: Parties who apply for Activities A1 and A2 (Lubricants and Greases), upon selection, will be authorized to carry out respective activities for all market categories of Lubricants including Marine Lubricants and Greases (Activity C) and Genuine Transmission Fluids (Activity B). Parties who apply for Activity B (Genuine Transmission Fluids) and Activity C (Marine Lubricants and Greases), upon selection, will be authorized to carry out respective activities for only that market category of Lubricants.

Applicants shall complete Forms A through F. All Technical and Financial details as specified therein have to be submitted with supporting documents/proof.

5.10.2 Business Information

Basic details of the Brand Owner, Agent (if applicable) and Nominee (if any), should be submitted in the format illustrated in Forms A1 and A2 (Annexes I and II respectively).

If the application is being submitted through a representative, proof of authorization must be submitted along with the Application by way of the Special Power of Attorney in the format identified in Form F (Annex VII). However, the Application must be perfected in respect of the Brand Owner or the Agent.

5.10.3 Operational and Technical Information

Applicants shall complete Form B (Annex III) in terms of the guidelines given below.

5.10.3.1 Activity A1 and A2

- i. At least one of the lubricant formulations must have a currently valid API certification meeting API SM level or ACEA C1 level complying with low "SAPS" requirements meeting viscosity grades SAE 0W-20, SAE 0W-30, SAE 5W-20 or SAE 5W-30 suitable for modern/new generation engines.
- ii. At least one of the lubricant formulations must have obtained within the last two years an approval from an Original Equipment Manufacturer listed in the relevant annex, stating that the oil is suitable/recommended for use in their engines.
- iii. Lubricant plant(s) must conform to the minimum requirements specified in Annex VIII; and
- iv. The Applicant must possess at least 5-years of experience in the lubricants business either local or international.

5.10.3.2 Activity B

- i. Certification from the OEM stating that the recommended Genuine Transmission Oil(s) (CVT, ATF, and/or Gear Oil) are the only lubricants that can be used in the equipment manufactured by the OEM and that warranties on the said equipment will be null and void if any other lubricants are used.
- ii. The Applicant must possess at least 5-years of experience in the lubricants business.

5.10.3.3 Activity C

- i. At least one of the marine lubricant formulations must have obtained within the last two years an approval from at least one of the low speed /medium speed main marine engine builders listed in the relevant Annex X.
- ii. Lubricant plant(s) must conform to the minimum requirements specified in Annex VIII; and
- iii. The Applicant must possess at least 5-years of experience in the lubricants business either local or international.

5.10.4 Financial Capability and Documentation

- i. Financial capabilities of the Applicant shall be given in the format illustrated in Form C (Annex IV) duly completed.
- ii. Applicants, who cannot demonstrate to the satisfaction of GOSL the financial strength and the availability of funds for investment in the type of activity applied for, will be disqualified.

5.10.5 Business Proposal

The applicant must submit a business proposal according to the guidelines given in FORM D (Annex V).

5.10.6 Format for the Undertaking to Pay

- i. An Undertaking to Pay must be submitted conforming to the format illustrated in Form E (Annex VI). The applicant or the representative should ensure that the validity period of the Undertaking to Pay is extended if necessary, upon request of the GOSL/CANC/PUCSL.

- ii. In the event the Applicant is selected the GOSL reserves the right to draw down on the Undertaking to Pay as part payment on the consideration payable by the applicant for the authorization to undertake Activity A1, Activity A2, Activity B and Activity C.

5.11 Selection Process

Evaluation of Applicant Information, Technical & Operational Capability and Financial Capability

The Project Committee (PC) and the Cabinet Appointed Negotiating Committee (CANC) will evaluate Forms A, B, C, and D and proceed to critically review the proposal to determine if it provides each of the information requirements set out in section 5 and Forms A, B, C, D and E of this RFQ. The PC & CANC will then consider and evaluate the information provided under the following headings:

Evaluation Format

Business and Operational Capabilities of the Applicant

- Five-years of experience in the lubricant business (local or international)

Technical Capabilities of the Applicant

- API certification meeting API SM level or ACEA certification meeting ACEA C1 level for at least one formulation
- Approval from OEM

Financial Capabilities of the Applicant

- Bank Reference
- Availability of funds for investment (import/blend)
 - Import
 - Blend

**API/ACEA certification and OEM approval must be met by at least one formulation for the application to be successful for Category A (Lubricants and Greases) and one OEM approvals for Category C (Marine Lubricants and Greases)*

If authorization is sought for multiple brands by the same applicant, each brand must separately be qualified with API/ACEA certification and OEM approval

GOSL has the right to obtain clarification of any matter from Applicants in order to evaluate the application but shall not ask or permit an Applicant to change the substance of the application after the application opening. Request for clarification and the Applicant's response shall be in writing.

5.12 Agreements

Selected parties authorized to carry out an activity are required to enter into the relevant Agreement in the final form given in Annexes XII, XIII, XIV and XV.

The GOSL wishes to inform all applicants that the agreements (Agreement A1, Agreement A2, Agreement B and Agreement C) annexed herewith are final. GOSL, however, reserves the right at its sole discretion, to make changes to the Agreements at any time prior to their execution. The Agreements are being issued subject to the Attorney General's approval.

5.13 Special Information to Applicants

Governing Law; the Applicant shall be governed by the laws of Sri Lanka and shall be subject to exclusive Jurisdiction of the Courts of Sri Lanka.

5.14 Environmental Responsibility

The GOSL recognize that effective environmental management is one of its most important corporate priorities. Selected parties must commit to protecting and respecting the environment through outstanding environmental performance and efficiency in the conduct of its operations. The GOSL will focus on the following:

- Commitment to a continual improvement process in environmental management.
- Evaluation of environmental impacts of products, operations and facilities, with a commitment to minimize impacts and restore properties affected by operations.
- Minimizing pollution through packaging of finished products using degradable material.
- Improvement of employee environmental performance through detailed policies and procedures, training, and recognition of excellence.
- Efficient use of resources to minimize waste generation through efforts that include recycling, innovation, and prevention of pollution.
- Integration of environmental responsibilities and considerations into daily operations and business decision-making processes.
- Commitment to emergency preparedness and response in order to minimize any potential environmental impacts resulting from day-to-day operations.
- Use of innovations and technologies to minimize atmospheric emissions.
- Compliance with all applicable environmental laws and regulations of Sri Lanka.

ANNEXURES

ANNEX I - FORM A1

BUSINESS INFORMATION OF THE BRAND OWNER

Activity applied:

BRAND OWNER INFORMATION

Name of Brand Owner:

Brand Name/s:

Business Address:

Telephone:

Fax:

Country of Origin:

Contact Person/s (with Designation):

Foreign:

Local:

Address:

Address:

Tel:

Tel :

Fax:

Fax :

Email:

Email :

Registered Office:

Place of Incorporation:

Date of Incorporation:

Registration Number:

(Duly certified copy of Memorandum and Articles of Association or relevant extracts from must be submitted along with Form A1)

Board of Directors (Please List):

Bankers:

Company Auditors:

Company Lawyers:

Describe Principal Business Activities:

Experience in the Lubricant Industry (in years):

Shareholders over 5% (With % of Holdings):

Any Beneficial Ownership of the Party shall also be declared.

.....
Director

.....
Company Seal

.....
Director

ANNEX II - FORM A2

BUSINESS INFORMATION OF THE AGENT

Activity applied:

AGENT INFORMATION

Name of Agent:

Brand Name/s:

Business Address:

Telephone:

Fax:

Country of Origin:

Contact Person/s (with Designation):

Foreign:

Local:

Address:

Address:

Tel:

Tel:

Fax:

Fax:

Email:

Email:

Registered Office:

Place of Incorporation:

Date of Incorporation:

Registration Number:

(Duly certified copy of the Memorandum and Articles of Association or relevant extracts from same as well as the contractual or other means by which authority has been granted by the Brand Owner to the Agent to carry out the relevant Activity must be submitted along with Form A2)

Board of Directors (Please List):

Bankers:

Company Auditors:

Company Lawyers:

Describe Principal Business Activities:

Experience in the Lubricant Industry (in years):

Shareholders over 5% (With % of Holdings):

Any Beneficial Ownership of the Party shall also be declared.

.....
Director

.....
Company Seal

.....
Director

ANNEX III - FORM B

OPERATIONAL AND TECHNICAL INFORMATION OF THE BRAND

1. Marketing Information

Country	Number of Years	Size/Volume of Business

*At least one of the lubricant formulations under the brand name must have a currently valid API certification meeting API SM level or an ACEA certification meeting ACEA C1 level. (Please state and provide evidence)

*At least one lubricant formulation under the brand name must have approval/recommendation obtained within the last five years from an Original Equipment Manufacturers (OEM) list annexed, stating that the oil is suitable for use in their engines. (Please state and provide evidence)

*Provide details of the blending plant including piping and instrumentation drawings, where lubricants/greases are manufactured. Brand owners own plant or in case of toll blending toll blender plant

ANNEX IV - FORM C

FINANCIAL CAPABILITY AND DOCUMENTATION OF APPLICANT

Name of the Applicant:

1. Letter of Guarantee

We have submitted our undertaking to Pay. This is dated _____, from _____
Reference number _____

2. Financial Capabilities

We have submitted the latest audited financial statements covering the years of assessment:
2017/2016/2015/2014/2013

These are sufficiently detailed so as to enable the identification of Total Turnover, Total Assets, and Return on Assets, Debt/Equity Ratio, Equity and Surplus.

Description	In US\$/Sri Lankan Rupees				
	Year				
	2017	2016	2015	2014	2013
Size					
Net Turnover					
Total Assets					
Total Debts					
Shareholders' Equity (Net Assets)					
Liquidity					
Current Assets (CA)					
Current Liabilities (CL)					
Current Ratio (CA:CL)					
Performance					
Operating Profit					
Profit after Tax					
Return on Assets					
Debt/Equity Ratio					

(The above documents must be certified with the Company seal and an authorized signature.)

3. Financial Capability

- i. Business Conduct: We have submitted a letter of reference from the main banker indicating the period of relationship with the party, nature of facilities granted and the conduct of facilities and the business in general.
- ii. Availability of Funds: We have submitted a letter/statement from our bank/financier indicating that funds amounting to US\$ 5.0million/US\$ 1.0million (delete what is inapplicable) will be made available as indicated in Section 3.1.4/ 3.2.4/ 3.3.4/ 3.4.4 (delete what is inapplicable) of the RFQ.

.....
Director

.....
Company Seal

.....
Director

ANNEX V - FORM D

BUSINESS PROPOSAL

The business proposal must be submitted by the applicant in the following format. Any additions may be included as an attachment to the proposal.

Business/Marketing Plan

- Activities to be undertaken, including importation of finished lubricants and/or production locally by blending base oils and additives (with composition if both activities are being considered) as well as exportation to regional markets etc.
- Target market share and consumer groups, including whether automotive and/or industrial (with composition if both markets are being considered) etc.
- Assessment of existing and potential lubricant market in Sri Lanka as well as exports to regional markets
- Description of brand name(s) and formulations to be imported, blended or produced, including whether automotive and/or industrial, mineral or synthetic based as well as quality standard in terms of minimum interim standards identified
- Proposed method of packaging of finished products. Specify use of degradable material and waste management techniques.
- **If the applicant is applying for authorization to blend and produce lubricants and greases (Activity A1) locally, the following details must also be included:**
 - Brands, trade names, specifications and grades of products to be blended or produced
 - Detailed description of the blending plant that will be constructed and related equipment to be used
 - Detailed description of laboratory facilities to be constructed and equipment to be used for quality control and test methods to be applied, including bench testing and engine testing
 - Proposed method of importing/unloading base oils
 - Proposals on effluent handling and disposal method Codes, Standards and Specifications to be adopted in the design of the plant with specifications of equipment and facilities to be installed.

ANNEX VI - FORM E

Format of Undertaking to Pay: Authorization to import, export, blend, produce, supply, distribute and sell ("Activity A1") or import, export, supply, distribute and sell ("Activity A2") Lubricants in Sri Lanka, or to import, export, supply, distribute and sell Genuine Transmission Oils (CVT, ATF, Gear Oil) oil, in Sri Lanka ("Activity B") or to import, export, supply, distribute and sell Marine Lubricants and Greases in Sri Lanka ("Activity C")

Date:

Secretary, Ministry of Petroleum Resources Development
Ministry of Petroleum Resources Development
80, Sir Ernest De Silva Mawatha, Colombo 07, Sri Lanka

Dear Sir,

Undertaking to Pay

We (name of Bank) incorporated under (incorporation details) and having its registered office at (address of registered office) and a branch at (address of branch issuing undertaking to pay on demand) [hereinafter referred to as "the Bank"] on behalf of (name of Applicant) of (address of Applicant) [hereinafter referred to as "the Applicant"], waiving all objections and defences that may be available to us and despite any disputation or contestation by the (name of the Applicant) with the Government of Sri Lanka (hereinafter referred to as GOSL) and despite any request by the Applicant that we do not make any payment, undertake to pay GOSL on the first demand received by the Bank under these presents from GOSL within three (03) working days of the said first demand, without any other proof, such demand being the only requirement by us to make the payment hereunder, the sum of **Sri Lanka Rupees []** by a Bank draft drawn in favour of the Secretary to the Treasury sent by post under registered cover to the PUCSL, as a down payment on the consideration payable by the applicant for the authorization to import, export, blend, produce, supply, distribute and sell ("Activity A1") or import, export, supply, distribute and sell ("Activity A2") Lubricants in Sri Lanka or for the authorization to import, export, supply, distribute and sell Genuine Transmission Oil (CVT, ATF, Gear oil) recommended by an OEM, in Sri Lanka ("Activity B") or to import, export, supply, distribute and sell Marine Lubricants and Greases in Sri Lanka ("Activity C") [delete inapplicable] on the terms and conditions specified in the Request For Qualification issued in connection with the transaction.

This undertaking to pay on demand shall be valid only up to and including (Application Due Date + 180 days) of Two Thousand and and thereafter even though the original of these presents may be retained by you or be in your possession the same shall not be of any force or avail in law except in respect of demands received by the Bank under these presents before 3.00 p.m. on the said (Application Due Date + 180 days) Two Thousand and All demands under this undertaking to pay on demand shall be made in writing to the Bank and received by the Bank at (address of branch issuing undertaking to pay) on or before 3.00 p.m. on the (Application Due Date + 180 days) Two Thousand and

The Bank's obligations hereunder constitute direct primary, irrevocable and unconditional obligations, shall not require any previous notice to or claim against the applicant and shall not be discharged or otherwise prejudiced or adversely affected by any time, indulgence or forbearance which GOSL may grant the applicant, any amendment, modification or extension which may be made to any agreement between the applicant and GOSL, any change in the constitution or organization of the applicant, or any other matter or thing which, in the absence of this provision would or might have that effect except a discharge or amendment hereof expressly made or agreed to by GOSL in writing.

It is hereby certified that Stamp Duty payable in respect of this instrument has been compounded in terms of the Stamp Duty Act.

Yours faithfully,
(Name of Bank)

Seal of Bank and Signatures of Authorized Officers of the Bank

ANNEX VII - FORM F

SPECIAL POWER OF ATTORNEY

Agreement relating to [insert the activity] of [specify brand(s)] brand [specify product] in Sri Lanka in Sri Lanka

KNOW ALL MEN by these presents that(hereinafter referred to as the "Principal Company") whose Registered office is situated at [.....] is the owners of "[.....]" brand Lubricants

WHEREAS the Government of Sri Lanka (GOSL) has called for Requests for Qualification (RFQ) to select through an evaluation process, suitable parties possessing lubricant business experience and an established brand, meeting the highest standards of quality as well as financial capability to import, export, sell, supply and distribute finished lubricants in Sri Lanka.

NOW KNOW YE AND THESE PRESENTS WITNESS THATHEREBY IRREVOCABLY NOMINATES, CONSTITUTES AND APPOINTS whose registered office is situated at [.....] ("the Attorney") to import, export, sell, supply or distribute [.....] brand Lubricants and Greases in Sri Lanka as the true and lawful Attorney of the Principal Company for it and in its name as its act and deed or otherwise as the Attorney may deem expedient and with all powers, authorities and discretions thereunto enabling as follows:-

To apply, negotiate, transact, make, execute and deliver the Agreement to be signed with the Government of Sri Lanka (GOSL) on behalf of the Principal Company relating to the import, export, sale, supply or distribution of finished lubricants in Sri Lanka (hereinafter referred to as "the said Agreement") and to do, comply, bind or sign all things or documents that may be required in connection with the said Agreement, for the import, export, sale, supply and distribution of [.....] brand Lubricants, exclusively within the "territorial limits" of Sri Lanka.

To appoint substitute to apply, negotiate, transact, make, execute and deliver the aforesaid Agreement to be signed with the Government of Sri Lanka (GOSL).

To import, export, sell, supply or distribute [.....] brand Lubricants and Greases , exclusively within the "Territory" limits of Sri Lanka, in accordance with the said Agreement on behalf of the Principal Company.

The Principal Company hereby ratifies, confirms and agrees to be bound by whatsoever the Attorney or any substitute, agent/nominee or any other person hereby authorised to exercise the powers shall do or purport to do by virtue of these presents or by any such authorisation to exercise such powers.

The Principal Company hereby further ratifies that this Special Power of Attorney being executed is consistent with the Articles and Memorandum of Association of the Principal Company and with any other laws that may be applicable to the Principal Company.

In witness whereof has caused its common seal to be hereunto affixed thisday of in the presence of

Common seal of

.....
Director

.....
Director

Signed before me

.....
Notary Public

ANNEX VIII – MINIMUM REQUIREMENTS FOR A BLENDING PLANT

For Blending Lubricants

1. Minimum Plant Capacity – 7500 MT per annum
2. Storage tanks for base oils

At least three storage tanks to store three viscosity grades of base oils

3. Finished products storage tanks
At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks
Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles
Minimum of two blending kettles.
In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:
 - Pump and piping arrangements to circulate the product
 - Piping system to introduce clean air for mixing
 - Internal baffles to create turbulence
 - Appropriate mixer
 - Heating arrangement
 - Temperature sensor and other instruments
 - Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Boiler for producing 150 psi steam for heating purposes
7. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc.)
8. Air compressor to provide dry compressed air
9. Drum and can filling system
10. Should have a fully equipped quality control laboratory to carry out the following tests

Property	Test Method	Apparatus
Colour	ASTM D1500	Colour comparator
Flash Point	SLS ASTM D92/93	Flash point apparatus
Kinematic Viscosity @ 40°C	SLS ASTM D445	Viscometers, viscometer bath, viscometer holders etc.
Kinematic Viscosity @ 100°C	SLS ASTM 445	do
Viscosity Index	SLS ASTM D2270	
Foam Test	SLS ASTM D892	Foam Test bath, foam cylinders, foam stones etc.
Water Separability	ASTM D1401	Emulsion bath
Copper Corrosion	SLS ASTM D130	
Pour Point	SLS ASTM D97	Pour point bath
Base Number	SLS ASTM D2896	Titrometer
Acid Number	ASTM D974	Titrometer
Density	SLS ASTM D1298/D4052	
Sulphated Ash	SLS ASTM D874	Atomic Absorption Spectrophotometer
Metallic Components	SLS ASTM D4951	do

The laboratory also should have the following other equipment and services installed

- pH meter
- Analytical balance
- Centrifuge
- Oven
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

11. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

12. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc. should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

For Blending Greases

1. Minimum Plant Capacity – 1000 MT per annum

2. Storage tanks for base oils

At least two storage tanks to store different viscosity grades

3. Finished products storage tanks

At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks

Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles

Minimum of two blending kettles

In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:

- Pump and piping arrangements to circulate the product
- Piping system to introduce clean air for mixing
- Internal baffles to create turbulence
- Appropriate mixer
- Heating arrangement
- Temperature sensor and other instruments
- Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Colloidal mill for homogenizing

7. Boiler for producing 150 psi steam for heating purpose

8. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc)

9. Air compressor to provide dry compressed air

10. Drum and can filling system

11. Should have a fully equipped quality control laboratory with following apparatus:

- i) Stability test apparatus.
- ii) Dropping Point apparatus
- iii) Corrosion test apparatus.

- iv) Flash point apparatus
- v) Penetrometer
- vi) Grease worker
- vii) Hot Plate.
- viii) Oil Separator
- ix) Hydrometer
- x) Balance
- xi) Oven.

The laboratory also should have the following other equipment and services installed

- o pH meter
- o Centrifuge
- o Miscellaneous glassware
- o Fume hood
- o All utilities such as water, power, compressed air
- o Emergency fire fighting equipment

12. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

13. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

ANNEX IX - ORIGINAL EQUIPMENT MANUFACTURERS (OEMs) LIST

1. GENERAL MOTORS
2. FORD
3. CRYSLER
4. BMW
5. MERCEDES-BENZ
6. PORSCHE
7. VOLKSWAGEN
8. MAN
9. CATERPILLAR
10. SCANIA
11. FIAT
12. PEUGEOT
13. RENAULT
14. VOLVO
15. NISSAN
16. MAZDA
17. TOYOTA
18. MITSUBISHI
19. HONDA
20. SUZUKI
21. DAIHATSU
22. ASHOK LEYLAND
23. TATA MOTORS
24. HYUNDAI
25. DAEWOO
26. KIA MOTORS

ANNEX X - LOW OR MEDIUM SPEED MAIN MARINE ENGINE BUILDERS LIST

1. WARTSILA/SULZER
2. PIELSTICK
3. MAN B & W
4. CATERPILLAR
5. DEUTZ
6. MAK
7. MITSUI MAN B & W
8. MTU
9. MITSUBISHI
10. ROLLS-ROYCE
11. CUMMINGS
12. YANMAR

ANNEX XI - MINIMUM QUALITY STANDARDS*

(1) Lubricants

Product	Minimum Standard
Gasoline Engine Oil	SLS1374:2009 (equivalent to API-SJ)
Diesel Engine Oil	SLS 1373:2009 (equivalent to API-CF)
Two stroke Engine Oil	SLS 1446:2012 (equivalent to JASO FC)
Four stroke Engine Oil	SLS 1409:2011 (equivalent to API SG and JASO MA)
Automotive Gear Oil	SLS 1396:2010 (equivalent to API-GL 4)
Automatic Transmission Oil	DEXRON-11D, DEXRON III, DEXRON IV, MERCON ALLISON C4 JASO M315 type Group 1
Base Oil	API Group I

(2) Grease

Product	Minimum Standard
Grease	SLS 1424/2011 or NLGI LB

1. API refers to the American Petroleum Institute.
2. NLGI refer to National Lubricating Grease Institute of USA
3. Generally, SLS standard will be considered as quality standard for any Lubricant or Grease imported into Sri Lanka.
4. These standards will be reviewed by the GOSL at its sole discretion from time to time and will be effective from the date of communication
5. Specifications for special machinery will be the recommended Lubricant for the same, as specified in the operations or Service manual of such machine.

*Sri Lanka Standards can be purchased at Sri Lanka Standards Institution, 17, Victoria Place, Elvitigala Mawatha, Colombo 08, Sri Lanka.

ANNEX XII – LUBRICANT AGREEMENT A1 (BLENDING)

THIS AGREEMENT is made and entered into this day of Two Thousand and (20....) at Colombo, in the Democratic Socialist Republic of Sri Lanka.

BY AND BETWEEN

..... SECRETARY, MINISTRY OF PETROLEUM RESOURCES DEVELOPMENT,
acting for and on behalf of THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA (herein after referred to as the “**GOSL**”)

AND

..... a company duly incorporated in the under the laws of theand having its
registered office at(herein after called and referred to as the “Company”).

WITNESSETH

WHEREAS the GOSL wishes to liberalize Lubricants industry by permitting any party to
remain in and/or enter the Lubricant and Grease market

AND WHEREAS THE GOSL will facilitate such operations by way of Agreements entered
into between the GOSL and respective Companies

AND WHEREAS this Agreement is being entered into with effect from until appropriate
legislation empowering a regulator to regulate the Petroleum industry, including the
Lubricant and Grease market, comes into operation. However, in the absence of a regulator
being appointed, the Agreement shall be effective for a period of five years from the said
.....

AND WHEREAS the GOSL has further decided that a sum of Rupees Two Million and Five
Hundred Thousand or 0.75% of the bi-annual Total Invoiced Sales, whichever is higher will
be levied as a Registration Fee, in the manner set out in this Agreement

TERMS OF THIS AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

1. Interpretation

In addition to the definitions elsewhere in this Agreement, the following terms shall have the following meanings, unless the context requires or admits otherwise:

“Additives” means a raw material used in the production of Lubricants and Greases, which will ensure and enhance the lubrication and performance of a particular Lubricant and Grease;

“Agreement” means an agreement between the GOSL and a party or parties authorized to import, export, sell, supply or distribute specific brands of Lubricants and Greases in Sri Lanka and shall include the terms and conditions of this Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the provisions hereof;

"Applicable Law" means any written law presently in force in Sri Lanka and which will come into force from time to time;

“Base Oils” means raw materials, which form the base material in which Additives are dissolved to produce Lubricants and Greases;

"Business Day" means any day other than a Saturday, Sunday or a Public Holiday or Bank Holiday in Sri Lanka;

“Genuine Oil” means Lubricants manufactured for the specific requirements of and recommended by Original Equipment Manufacturers

“Governmental Authorities” means the GOSL and all its ministries, departments, statutory institutions, representatives, officers or any of their representatives;

“Greases” means a semi-fluid or solid product that consists of a dispersion of a lubricating oil, whether mineral oil based or synthetic, in a thickening agent or as may be defined by law or any Government Authority from time to time;

“Licence” means the licence issued by the Controller of Imports & Exports in terms of the Imports & Exports (Control) Act No. 1 of 1969, for the import of Lubricants and Greases into Sri Lanka;

“Lubricants” means without limiting the scope of the generic use thereof, lubricating oils, whether mineral oil based or synthetic or as may be defined by law or any Governmental Authority from time to time;

“Nominee(s)” means a company(s) incorporated in Sri Lanka who may be nominated by the Company to exercise on its behalf, the right to import, export, sell, supply or distribute Lubricants and Greases in Sri Lanka as may be determined by the Company from time to time, provided that the GOSL shall have consented to such nomination, which shall not be unreasonably withheld;

"Parties" means the GOSL and the Company including their respective successors and permitted assigns;

“ PUCSL” means the Public Utilities Commission of Sri Lanka established under the Public Utilities Commission of Sri Lanka Act No. 35 of 2002

“Registration Fee” means the fee payable by the Company or Nominee to the Secretary to the Ministry of Petroleum Resources Development and the Public Utilities Commission of Sri Lanka as set out in Clause 2;

“Rupees” and "Rs." means the lawful currency of Sri Lanka;

“Standards” means Standards for Lubricants, Greases and Base Oils established by the Sri Lanka Standards Institution (SLSI) in terms of the Sri Lanka Standards Institution Act No.6 of 1984 or any other Governmental Authority, and in the absence of such Standards, interim Standards or specifications established by the SLSI or any other Governmental Authority. Currently applicable Standards and specifications are identified in Annex 1 hereof;

“Toll Blending” means blending and producing of Lubricants and Greases for another party according to a formula and specifications provided by such party for a fee (toll).

“Total Invoiced Sales” means total sales (excluding any sales taxes) within Sri Lanka.

2. Registration Fee

In consideration of the right granted hereby, the Company shall pay to the GOSL bi-annually a fixed and a variable registration fee equivalent to a sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) or 0.75% of Total Invoiced Sales for that period, whichever is higher, of lawful money of Sri Lanka. The said bi-annual payments shall be made for as long as the Agreement remains in force. In making the said bi-annual payment, a sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) shall be paid on or before the 1st January and another sum of Rupees Two Million and Five Hundred Thousand (Rs. 2.5 million) shall be paid on or before 30th June of each year in favour of the Secretary, Ministry of Petroleum Resources Development, and in the event of 0.75% of total invoiced sales for that period being greater than the Rupees Two Million and Five Hundred Thousand, such additional amount is to be paid within 30 days of the end of that period to the Public Utilities Commission of Sri Lanka. Such amounts shall be adjusted based on the final audited accounts of the Company. Payment shall be made in the form of a bank draft from a licensed Commercial Bank in Sri Lanka.

3. Terms and Conditions

3.1 The GOSL hereby grants to the Company the right to:

- a) import, export, blend, produce, sell, supply or distribute ‘.....’ branded Lubricants and Greases; .

- b) import, export, blend, produce, sell, supply or distribute Genuine Oils and Greases, provided that the label on such Genuine Oils and Greases clearly identify the name of the Company.
- c) Import or blend Base Oils and Additives
- d) Toll Blend brands of Lubricants and Greases authorized to be imported, exported, sold, supplied or distributed in Sri Lanka through validly existing Agreements, at the request of the duly authorized party or the parties of such Agreements

subject to the terms and conditions of this Agreement and any written laws and Standards as defined in Clause 1 here of which are in force and which may be imposed from time to time.

- 3.2 The GOSL shall facilitate granting of a Licence to the Company or the Nominee(s) for the import of Lubricants, Greases, Base Oils and Additives.
- 3.3 The GOSL may at its own discretion consider reviewing and if deemed necessary rationalizing the present duty structure to be conducive to a liberalised Lubricants and Greases market in order to facilitate healthy competition having due regard to the GOSL's economic policy and value addition of blending and producing Lubricants and Greases locally.
- 3.4 The Company hereby undertakes and warrants on behalf of itself and its Nominee(s) that during the tenure of this Agreement, the Company:
 - (a) shall ensure that its Nominee(s) comply with the provisions of this Agreement and that the Company shall be wholly responsible for the effective implementation of the explicit as well as implicit duties, responsibilities and obligations imposed upon it under this Agreement;
 - (b) shall import, export, blend, produce, sell, supply or distribute only:
 - i) branded Lubricants and Greases.
 - ii) Genuine Oils, provided that the labels on such Genuine Oils clearly identify the name of the Company

- (c) shall Toll Blend only brands of Lubricants and Greases authorized to be imported, exported, sold, supplied or distributed in Sri Lanka through validly existing Agreements, and only at the request of a duly authorized party or parties of such Agreements;.
- (d) shall import, export, sell, supply or distribute Lubricants and Greases, blended only in a blending plant conforming to the minimum technical specifications given in the Annex II.
- (e) Where Lubricants and Greases are blended in a plant not owned by the brand owner (Toll Blending in a second party owned plant), shall obtain prior approval of the GOSL for such Toll Blending and for any subsequent change of the toll blending plant.
- (f) shall not commence or engage in any act which will contravene the provisions of this Agreement;
- (g) shall not engage in any anti-competitive practices or abuse a dominant market position;
- (h) shall abide by any order, directive, and guidelines relating to pricing of Lubricants and Greases issued in terms of any Applicable Law;
- (i) shall import, export, sell, supply or distribute only such Lubricant and Greases and Genuine Oils which conform to the required Standards as defined in Clause 1 hereof, if such Lubricants and Greases and Genuine Oils are subject to Standards;
- (j) shall blend and produce such Lubricants and Greases which conform to the Standards as defined in Clause 1 hereof; if such Lubricants and Greases and Genuine Oils are subject to Standards;
- (k) shall in respect of Lubricants and Greases blended and produced locally, have a fully equipped in-house laboratory meeting the highest international standards capable of carrying out tests as required as per the Standards as defined in Clause 1 hereof;
- (l) shall

- (i) cause such Lubricants blended and produced to be tested by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Accreditation Corporation (ILAC) for the first batch of Lubricants and by the in-house laboratory for subsequent batches of Lubricants and in order to confirm that physical, chemical and performance properties of the Lubricants are consistent with the test results of the original formulation based on which the Lubricant was classified under API, JASO, DEXRON, MERCON, ALLISON classification system as the case may be;
 - (ii) cause such Greases blended and produced to be tested by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Accreditation Corporation (ILAC) for the first batch of Greases and by the in-house laboratory for subsequent batches of Greases in order to confirm that physical, chemical and performance properties of the Greases comply with the requirements of the Standards as defined in Clause 1 hereof;
- (m) shall provide, at its own expense, for the first batch of all formulations of Lubricants blended and produced locally
- (i) test certificates, issued by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC) confirming that physical, chemical and performance properties of the Lubricants are consistent with the test results of the original formulation based on which the lubricant was classified under the API, JASO, DEXRON, MERCON or ALLISON classification system as the case may be; and
 - (ii) test certificates, obtained from an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership

of the International Laboratory Accreditation Corporation (ILAC), for full testing for API classification including engine sequence testing for oxidation, deposits, sludge, varnish and wear, if requested by the GOSL, which shall however not be requested unreasonably.

- (n) Shall provide, at its own expense, for the first batch of all formulations of Greases blended and produced locally for the first time, test certificates by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC) confirming that physical, chemical and performance properties of the Greases comply with the requirements of the Standards as defined in Clause 1 hereof;

- (o) shall provide, at its own expense, if requested by the GOSL, in respect of Lubricants blended and produced subsequently or Lubricants imported, test certificates issued by the in-house laboratory confirming that physical, chemical and performance properties of the Lubricants are consistent with the test results of the original formulation based on which the Lubricant was classified under the API, JASO, DEXRON, MERCON, or ALLISON classification system, as the case may be.

Further, if requested by the GOSL, the Company shall at its own expense provide;

- i) in respect of the Lubricants blended and produced subsequently or Lubricants imported, certificates issued by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC) confirming that physical, chemical and performance properties of the Lubricants and Genuine Oils are consistent with the test results of the original formulation based on which the lubricant was classified under the API, JASO, DEXRON, MERCON, or ALLISON classification system, as the case may be; and

- ii) with respect to the Lubricants blended and produced subsequently or Lubricants imported test certificates, obtained from an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC), for full testing for API, JASO, DEXRON, MERCON or ALLISON classification, as the case may be including engine sequence testing for oxidation, deposits, sludge, varnish and wear, which shall however not be requested unreasonably.
- (p) shall provide, at its own expense, if requested by the GOSL, in respect of Greases blended and produced subsequently or Greases imported, test certificates issued by the in-house laboratory confirming that physical, chemical and performance properties of the Greases conform to the Standards as defined in Clause 1 as hereof;

Further, if requested by the GOSL, the Company shall at its own expense provide in respect of Greases blended and produced subsequently or Greases imported, test certificates, obtained from an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC), confirming that physical, chemical and performance properties of the Greases conform to the minimum Standards as defined in Clause 1 hereof;

- (q) shall comply with the requirements of the Applicable Laws, regulations, rules, orders and directions issued by any Governmental Authority in terms of the relevant laws;
- (r) shall comply with all applicable environmental laws in Sri Lanka in force at the date hereof or in the future;
- (s) shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Company or its agents, servants and employees or all such persons working in or under the name of the Company, when carrying out its business;
- (t) shall take all reasonable steps to protect the environment including human health, flora and fauna and eco-systems;

- (u) shall take all reasonable steps to minimise the use of products, materials, and processes that are hazardous to the environment; and
- (v) shall take all reasonable steps to minimise and where possible prevent environmental pollution resulting from Lubricant, Grease and Genuine Oil packaging materials.

3.5 To the extent required to act in compliance with the terms and conditions of this Agreement:

- (a) The GOSL may request and the Company and its Nominee(s) shall provide access to all facilities and its records and shall provide all technical, financial and other information requested by the GOSL;
- (b) The Company and its Nominee(s) shall if requested, make available to the Ministry of Petroleum Resources Development and PUCSL copies of the monthly statements of imports of Lubricants, Greases Genuine Oils and monthly statements of Lubricants, Greases and Genuine Oils acquired locally by Toll Blending under the right granted under this Agreement, together with required detail, before the last Business Day of the succeeding month; and
- (c) The Company and its Nominee(s) shall at end of each bi-annual period, make available to the Ministry of Petroleum Resources Development and PUCSL a statement containing the Total Invoiced Sales of Lubricants, Greases, Genuine Oils, Base Oils and Additives together with the quantities sold, with respect to that bi-annual period on or before fourteen (14) days of the end of that bi-annual period in order to ascertain the variable registration fee payable by the Company or the Nominee(s);
- (d) The Company and its Nominee(s) at the end of the each year, shall make available to the Ministry of Petroleum Resources Development and PUCSL a statement of Lubricants, Greases, Genuine Oils, Base Oils and Additives imported, exported, sold and Lubricants Toll Blended under the rights granted under this Agreement, together with required detail, on or before ninety (90) days of the end of that year, in order to ascertain the volume of the operations; and

- (e) The Company and its Nominee(s) at the end of the each year, make available to the PUCSL a statement certified by the auditors containing the Total Invoiced Sales of Lubricants, Greases and Genuine Oils, together with the quantities sold, with respect to that year on or before ninety (90) days of the end of that year, in order to verify the statements submitted under (c) above with respect to the two bi-annual periods of that year.

4. Term and Termination

- 4.1 This Agreement, unless terminated by either Party pursuant to clauses 4.3, 4.4 and 4.5 hereof, shall continue in full force and be effective for five years from
- 4.2 The provisions of this Agreement may be revised or varied and any new or additional terms and conditions may be introduced and shall be treated as if they were herein set out provided such revision, variation and additions are in writing and signed by the Parties hereto.
- 4.3 Provided however this Agreement will stand terminated from the date upon which legislation empowering a regulator to regulate the petroleum industry, including the Lubricant and Grease market, comes into operation. It is further provided that in such event, the Company shall pay the Registration Fee on a pro rata basis to the GOSL for the period which the Agreement was in force and such payments shall be made within three months from the date this Agreement stand terminated. The Company will be entitled to a return of the Registration Fee for the unutilized period on a pro rata basis or to set off against any payment required from the Company under such legislation and such payments shall be made within three months from the date this Agreement stand terminated; or
- 4.4 The Company may, at any time, terminate this Agreement by giving one (01) months notice in writing to the GOSL.
- 4.5 Notwithstanding anything contained elsewhere in this Agreement, the GOSL shall have the right to terminate this Agreement and the License issued in terms of this Agreement, by giving one (01) months notice in writing to the Company, if the Company or its Nominee is in breach or default or fails to perform or observe any of the terms or conditions specified in this Agreement and Applicable Law.

4.6 In the event of termination of this Agreement by either party;

(a) the authority given by GOSL to the Company to enter and or continue to be in the Lubricants and Grease market is deemed to have been withdrawn forthwith.

(b) the License issued to the Company or the Nominee(s) in terms of this agreement shall stand revoked.

5. Dispute Resolution

The Parties hereby acknowledge that they are committed to settle by negotiations in good faith all disputes or differences which arise between them in relation to or out of or in connection with this Agreement including without limitation any dispute, controversy, claim or disagreement relating to the validity, interpretation, construction, performance, enforcement or termination of this Agreement.

6. Notices

a) All notices and other communications given or made under this Agreement shall be in writing.

b) Any such notice or other communication shall be addressed as provided in sub clause 6 (c) and, if so addressed, shall be deemed to have been duly given or made as follows:

- i) if mailed by certified or registered mail, ten (10) Business Days after mailing;
- ii) if sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognised overnight express carrier;
- iii) if sent via facsimile, upon dispatch with receipt of confirmation of transmittal; or
- iv) If sent by personal delivery, upon delivery at the address of the relevant Party.

Provided that, if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours, such notice or other communication shall be deemed to be given or made at the start of the next period of working hours.

- c) The relevant addressee, address and facsimile number of each Party for the purpose of this Agreement, are:

GOSL	Company
<p>The Secretary, Ministry of Petroleum Resources Development, No.80, Sir Earnest De Silva Mawatha, Colombo 7, Sri Lanka.</p> <p>Tel : (+94 11) 2370115 Fax : (+94 11) 2372115</p> <p>Copy to:</p> <p>Director General Public Utilities Commission of Sri Lanka Level 06, BOC Merchant Tower No. 28, St. Michael's Road Colombo 03.</p> <p>Tel : (+94 11) 2392607/8 Fax : (+94 11) 2392641</p>	

7. Assignment

This Agreement will not be assigned by the Company except with prior written consent of GOSL.

8. Confidentiality

a) Each Party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to:

- i) the provisions of this Agreement;
- ii) the negotiations in relation to this Agreement;
- iii) the subject matter of this Agreement; or
- iv) the other Party.

b) For avoidance of doubt, the GOSL confirms that all information provided by the Company in terms of Clause 8 (a) shall be treated as commercially sensitive and confidential material by the GOSL.

c) Each Party may disclose information which would otherwise be confidential if and to the extent:-

- i) required by Applicable Law;
- ii) required by existing contractual obligations which have been duly disclosed to the other Party;
- iii) required by any securities exchange or regulatory or governmental body to which the Party is subject or submits to, wherever situated whether or not the requirement for information has the force of law;
- iv) necessary or desirable for the conduct of any dispute resolution pursuant to Clause 5;
- v) required to vest the full benefit of this Agreement in that Party;
- vi) disclosed to the professional advisors, auditors and bankers of each party;
- vii) the information has come into public domain through no fault of that Party; or
- viii) the other Party has given prior written approval to the disclosure,

PROVIDED THAT any such information disclosed pursuant to sub-clause 8 (c) shall be disclosed only after notice to the other Party.

- d) The restrictions contained in this Clause shall continue to apply after the termination of any other provision of this Agreement without limit in time.

9. Governing Law

The Parties hereby acknowledge and agree that this Agreement shall be constituted and governed by the laws of Sri Lanka and that the parties submit to the exclusive jurisdiction of the courts of Sri Lanka.

10. Further Assurances

Each Party shall co-operate with the other and execute and deliver to the other such other instruments and documents and take such actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights and the intended purposes of this Agreement, as amended and supplemented from time to time

11. Entire Agreement

This Agreement:

- (a) constitutes the whole and only Agreement between the Parties relating to import, export, blend, produce, sell, supply or distribute Lubricants and Greases and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties, and arrangements of any nature whatsoever, whether or not in writing relating thereto.
- (b) each Party acknowledges that in entering into this Agreement, it is not relying upon any representation, warranty, promise or assurance made or given by any other party or any other person, whether or not in writing, at any time prior to the execution of this Agreement, which is not expressly set out herein.

IN WITNESS WHEREOF the parties have caused this Agreement and two others of the same tenor and date to be sealed and signed as of the day and year first above written.

Signed In The Presence of

.....
THE SECRETARY, MINISTRY OF PETROLEUM
RESOURCES DEVELOPMENT acting for and on
behalf of THE GOVERNMENT OF THE
DEMOCRATIC SOCIALIST REPUBLIC OF SRI
LANKA

.....
Name:
Title:

.....
Name:
Title:

Placed In The Presence of

.....
For and on behalf of THE COMPANY

.....
Name:
Title:

Seal of the Company

.....
Name:
Title:

STANDARDS OF QUALITY

The following are the minimum Standards as defined in Clause 1 hereof, which will apply to Lubricants and Greases both imported and obtained by way of Toll Blending in Sri Lanka. These standards comprise of Sri Lanka Standards formulated by Sri Lanka Standards Institution (SLSI) or interim Standards or specifications as established by the SLSI or any other Government Authority until Sri Lanka Standards are formulated by the SLSI.

I. Lubricants and Base Oils

Product	Minimum Standard
Gasoline Engine Oil	SLS 1374 (equivalent to API-SJ)
Diesel Engine Oil	SLS 1373 (equivalent to API-CF)
Two Stroke Engine Oil	SLS 1446/2012 (equivalent to JASO FC)
Four Stroke Motorcycle Engine Oil	SLS 1409/2011 (equivalent to API-SG and JASO MA)
Automotive Gear Oil	SLS 1396 (equivalent to API-GL 4)
Automatic Transmission Fluid	DEXRON-11D, DEXRON III, MERCON ALLISON C4, or JASO M315 type 1- A
Base Oil	API Group I

II. Greases

Product	Minimum Standard
Grease	SLS 1424/2011 or NLGI LB

Notes:

1. API refers to the American Petroleum Institute.
2. JASO refers to Japanese Automobile Standards Organization
3. DEXRON refers to a registered trademark of General Motors Corp
4. MERCON/ALLISON refers to registered trade marks of Ford Motor Co
5. NLGI refers to National Lubricating Grease Institute of USA
6. ASTM refers to American Society of Testing and Materials
7. Generally SLSI standard will be considered as quality standard for any Lubricants or Grease imported into Sri Lanka.
8. These standards will be reviewed by the GOSL at its sole discretion from time to time and will be effective from the date of communication.
9. Specifications for special machinery will be the recommended Lubricant or Greases for the same, as specified in the operations or Service manual of such machine.

MINIMUM REQUIREMENTS FOR A LUBRICANT BLENDING PLANT

1. Minimum Plant Capacity – 7500 MT per annum
2. Storage tanks for base oils
 - a. At least three storage tanks to store three viscosity grades of base oils
3. Finished products storage tanks
 - a. At least two tanks for finished products
 - b. All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX
4. Dykes for Tanks
 - a. Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.
5. Blending Kettles

Minimum of two blending kettles.
In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:

 - i. Pump and piping arrangements to circulate the product
 - ii. Piping system to introduce clean air for mixing
 - iii. Internal baffles to create turbulence
 - iv. Appropriate mixer
 - v. Heating arrangement
 - vi. Temperature sensor and other instruments
 - vii. Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.
6. Boiler for producing 150 psi steam for heating purposes
7. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc)
8. Air compressor to provide dry compressed air
9. Drum and can filling system

10. Should have a fully equipped quality control laboratory to carry out the following tests

Property	Test Method	Apparatus
Colour	ASTM D1500	Colour comparator
Flash Point	SLS ASTM D92/93	Flash point apparatus
Kinematic Viscosity @ 40°C	SLS ASTM D445	Viscometers, viscometer bath, viscometer holders etc.
Kinematic Viscosity @ 100°C	SLS ASTM 445	do
Viscosity Index	SLS ASTM D2270	
Foam Test	SLS ASTM D892	Foam Test bath, foam cylinders, foam stones etc.
Water Separability	ASTM D1401	Emulsion bath
Copper Corrosion	SLS ASTM D130	
Pour Point	SLS ASTM D97	Pour point bath
Base Number	SLS ASTM D2896	Titrometer
Acid Number	ASTM D974	Titrometer
Density	SLS ASTM D1298/D4052	
Sulfated Ash	SLS ASTM D874	Atomic Absorption Spectrophotometer
Metallic Components	SLS ASTM D4951	do

The laboratory also should have the following other equipment and services installed

- pH meter
- Analytical balance
- Centrifuge
- Oven
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

11. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

12. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, unloading facilities, pump house, blending area, packing area etc should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

ANNEX XIII - AGREEMENT A2 (LUBRICANTS - IMPORT)

THIS AGREEMENT is made and entered into thisday of.....Two Thousand and(20....) at Colombo, in the Democratic Socialist Republic of Sri Lanka.

BY AND BETWEEN

..... , SECRETARY, MINISTRY OF PETROLEUM INDUSTRIES, acting for and on behalf of THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (herein after referred to as the "GOSL")

AND

.....a company duly incorporated in under the laws of and having its registered office at(herein after called and referred to as the "Company").

WITNESSETH

WHEREAS the GOSL wishes to liberalize Lubricants industry by permitting any party to remain in and/or enter the Lubricants industry

AND WHEREAS the GOSL will facilitate such operations by way of Agreements entered into between the GOSL and the respective Companies.

AND WHEREAS this Agreement is being entered into with effect from until appropriate legislation empowering a regulator to regulate the Petroleum industry, including the Lubricants industry , comes into operation. However, in the absence of a regulator being appointed, the Agreement shall be effective for a period of five years from the said(date)

AND WHEREAS the GOSL has further decided that a sum of Rupees Two Million and Five Hundred Thousand or 0.75% of the bi-annual Total Invoiced Sales, whichever is higher, will be levied as a Registration Fee, in the manner set out in the Agreement .

TERMS OF THIS AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

1 Interpretation

In addition to the definitions elsewhere in this Agreement, the following terms shall have the following meanings, unless the context requires or admits otherwise:

"Additives" means a raw material used in the production of Lubricants, which will ensure and enhance the lubrication and performance of a particular Lubricant;

"Agreement" means an agreement between the GOSL and a party or parties authorized to import, export, sell, supply or distribute specific brands of Lubricants in Sri Lanka and shall include the terms and conditions of this Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the provisions hereof;

"Applicable Law" means any written law presently in force in Sri Lanka and which will come into force from time to time;

"Base Oils" means raw materials, which form the base material in which Additives are dissolved to produce Lubricants;

"Business Day" means any day other than a Saturday, Sunday or a Public Holiday or Bank Holiday in Sri Lanka;

"Genuine Oil" means Lubricants manufactured for the specific requirements of and recommended by Original Equipment Manufacturers

"Governmental Authorities" means the GOSL and all its ministries, departments, statutory institutions, representatives, officers or any of their representatives;

"Licence" means the licence issued by the Controller of Imports & Exports in terms of the Imports & Exports (Control) Act No. 1 of 1969, for the import of Lubricants into Sri Lanka;

"Lubricants" means without limiting the scope of the generic use thereof, lubricating oils, whether mineral oil based or synthetic or as may be defined by law or any Governmental Authority from time to time;

"Marine Lubricants " means lubricating oils used for Two-Stroke Crosshead Diesel Engines and Trunk Piston Diesel Engines installed in marine ships.

"Nominee(s)" means a company(s) incorporated in Sri Lanka who may be nominated by the Company to exercise on its behalf, the right to import, export, sell, supply or distribute Lubricants in Sri Lanka as may be determined by the Company from time to time, provided that the GOSL shall have consented to such nomination, which shall not be unreasonably withheld;

"Parties" means the GOSL and the Company including their respective successors and permitted assigns;

"Registration Fee" means the fee payable by the Company to the Secretary to the Treasury and the Public Utilities Commission of Sri Lanka as set out in Clause 2;

"Rupees" and "Rs." means the lawful currency of Sri Lanka;

"Standards" means Standards for Lubricants established by the Sri Lanka Standards Institution (SLSI) in terms of the Sri Lanka Standards Institution Act No.6 of 1984 or any other Governmental Authority, and in the absence of such Standards, interim Standards or specifications established by the SLSI or any other Governmental Authority. Currently applicable Standards and specifications are identified in Annex 1 here

"Toll Blending" means blending and producing of Lubricants for another party according to a formula and specifications provided by such party for a fee (toll).

"Total Invoiced Sales" means total sales (excluding any sales taxes) within Sri Lanka.

2 Registration Fee

In consideration of the right granted hereby, the Company shall pay to the GOSL bi-annually a fixed and a variable registration fee equivalent to a sum of Rupees Two Million Five Hundred Thousand (Rs. 2.5 million) or 0.75% of Total Invoiced Sales for that period, whichever is higher. The said bi-annual payments shall be made for as long as the Agreement remains in force. In making the said bi-annual payment, a sum of Rupees Two Million and Five hundred Thousand (Rs. 2.5 million) shall be paid on or before the 1st January another sum of Rupees Two Million Five Hundred Thousand (Rs. 2.5 million) shall be paid on or

before 30th June of each year in favour of the Secretary, Ministry of Petroleum Resources Development and in the event of 0.75% of total invoiced sales for that period being greater than the Rupees Two Million Five Hundred Thousand , such additional amount is to be paid within 30 days of the end of that period to the Public Utilities Commission of Sri Lanka. Such amounts shall be adjusted based on the final audited accounts of the Company. Payment shall be made in the form of a bank draft from a licensed Commercial Bank in Sri Lanka.

3 Terms and Conditions

3.1 The GOSL hereby grants to the Company the right to:

- (a) import, export, sell, supply or distribute branded Lubricants and Greases
- (b) import, export, sell, supply or distribute Genuine Oils and Greases provided that the label on such Genuine Oils clearly identify the name of the Company
- (c) acquire by way of Toll Blending, branded Lubricants, Greases and Genuine Oils through a party duly authorized to Toll Blend, in terms of a validly existing Agreement.

subject to the terms and conditions of this Agreement and any written laws and Standards as defined in Clause 1 here of which are in force and which may be imposed from time to time.

3.2 The GOSL shall facilitate granting of a Licence to the Company or the Nominee(s) for the import of Lubricants and Greases

3.3 The GOSL may at its own discretion consider reviewing and if deemed necessary rationalizing the present duty structure to be conducive to a liberalised Lubricants market in order to facilitate healthy competition having due regard to the GOSL's economic policy and value addition of blending and producing Lubricants locally.

3.4 The Company hereby undertakes and warrants on behalf of itself and its Nominee(s) that during the tenure of this Agreement, the Company:

- a) shall not import Base Oils and Additives or engage in unauthorised manufacturing or blending operations of Lubricants;

- b) shall ensure that its Nominee(s) comply with the provisions of this Agreement and that the Company shall be wholly responsible for the effective implementation of the explicit as well as implicit duties, responsibilities and obligations imposed upon it under this Agreement;
- c) shall import, export, sell, supply or distribute only
 - I. "....." branded Lubricants and Greases
 - II. Genuine Oils, provided that the label on such Genuine Oils clearly identify the name of the Company
- d) shall acquire by way of Toll Blending onlybranded Lubricants, Greases and Genuine Oils
- e) shall import, export, sell, supply or distribute Lubricants and Greases blended only in a blending plant confirming to the minimum technical specifications given in the Annex II
- f) where Lubricants are blended in a plant not owned by the brand owner (toll blending in a second party owned plant), shall obtain prior approval of the GOSL for such toll blending and for any subsequent change of the toll blending plant.
- g) shall not commence or engage in any act which will contravene the provisions of this Agreement;
- h) shall not engage in any anti-competitive practices or abuse a dominant market position;
- i) shall abide by any order, directive, and guidelines relating to pricing of Lubricants s issued in terms of any Applicable Law;
- j) shall import export, sell, supply or distribute only such Lubricant which conform to the required Standards as defined in Clause 1 hereof, if such Lubricants are subject to Standards;
- k) provide, at its own expense, if requested by the GOSL, in respect of Lubricants and Genuine Oils imported and acquired by Toll Blending, test certificates issued by the in-house laboratory confirming that physical, chemical and performance properties of the Lubricants are consistent with the test results of the original formulation based on which the Lubricant

was classified under the API, JASO, DEXRON, MERCON or ALLISON classification system as the case may be

- l) Further, if requested by the GOSL, the Company shall at its own expense provide;
 - a. certificates, issued by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC) confirming that physical, chemical and performance properties of the Lubricants, Greases and Genuine Oils are consistent with the test results of the original formulation based on which the lubricant was classified under the API, JASO, DEXRON. MERCON or ALLISON classification system as the case may be
 - b. test certificates, obtained from an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC), for full testing for API, JASO, DEXRON. MERCON or ALLISON classification system as the case may be including engine sequence testing for oxidation, deposits, sludge, varnish and wear, which shall however not be requested unreasonably.
- m) shall comply with the requirements of the laws, regulations, rules, orders and directions issued by any Governmental Authority in terms of the relevant laws;
- n) shall comply with all applicable environmental laws in Sri Lanka in force at the date hereof or in the future;
- o) shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Company or its agents, servants and employees or all such persons working in or under the name of the company, when carrying out its business;
- p) shall take all reasonable steps to protect the environment including human health, flora and fauna and eco-systems;
- q) shall take all reasonable steps to minimise the use of products, materials, and processes that are hazardous to the environment; and
- r) shall take all reasonable steps to minimise and where possible prevent environmental pollution resulting from Lubricants packaging materials.

- 3.5 To the extent required to act in compliance with the terms and conditions of this Agreement:
- a) The GOSL may request and the Company and its Nominee(s) shall provide access to all facilities and its records and shall provide all technical, financial and other information requested by the GOSL;
 - b) The Company and its Nominee(s) shall if requested, make available to the GOSL and PUCSL copies of the monthly statements of Lubricants imported and monthly statements of Lubricants acquired locally by Toll Blending before the last Business Day of the succeeding month; and
 - c) The Company and its Nominee(s) shall at end of each year, make available to the Ministry of Petroleum Industries and PUCSL a statement containing the Total Sales of Lubricants together with the quantities sold, with respect to that bi-annual period on or before fourteen (14) days of the end of that bi-annual period in order to ascertain the variable Registration Fee payable by the Company or the Nominee;
 - d) The Company and its Nominee(s) shall at end of each year, make available to the Ministry of Petroleum Industries and PUCSL a statement of Lubricants imported, exported, sold and obtained locally by Toll Blending under the right granted under this Agreement, together with required detail, on or before ninety (90) days of the end of that year, in order to ascertain the volume of the operations; and
 - e) The Company and its Nominee(s) shall at end of each year, make available to the Ministry of Petroleum Industries and PUCSL a statement Certified by the auditors containing the Total Invoiced Sales of Lubricants, together with the quantities sold, with respect to that year on or before ninety (90) of the end of that year, in order to verify the statements submitted under the (c) above with respect to the two bi-annual periods of that year.

4 Terms and Termination

- 4.1 This Agreement, unless terminated by either Party pursuant to clauses 4.3, 4.4 and 4.5 hereof, shall continue in full force and be effective for five years from until
- 4.2 The provisions of this Agreement may be revised or varied and any new or additional terms and conditions may be introduced and shall be treated as if they were herein set out provided such revision, variation and additions are in writing and signed by the Parties hereto.
- 4.3 Provided however this Agreement will stand terminated from the date upon which legislation empowering a regulator to regulate the petroleum industry, including the Lubricant industry, comes into operation. It is further provided that in such event, the Company shall pay the Registration Fee on a pro rata basis to the GOSL for the period which the Agreement was in force and such payments shall be made within three months from the date this Agreement stand terminated. The Company will be entitled to a return of the Registration Fee for the unutilized period on a pro rata basis or to set off against any payment required from the Company under such legislation and such payments shall be made within three months from the date this Agreement stand terminated.
- 4.4 The Company may, at any time, terminate this Agreement by giving one (01) months notice in writing to the GOSL.
- 4.5 Notwithstanding anything contained elsewhere in this Agreement, the GOSL shall have the right to terminate this Agreement and the License issued in terms of this Agreement, by giving one (01) months notice in writing to the Company, if the Company or its Nominee is in breach or default or fails to perform or observe any of the terms or conditions specified in this Agreement and Applicable Law.
- 4.6 In the event of termination of this Agreement by either party, the authority given by GOSL to the Company to enter and or continue to be in the Lubricants industry is deemed to have been withdrawn forthwith.

5 Dispute Resolution

The Parties hereby acknowledge that they are committed to settle by negotiations in good faith all disputes or differences which arise between them in relation to or out of or in connection with this Agreement including without limitation any dispute, controversy, claim or disagreement relating to the validity, interpretation, construction, performance, enforcement or termination of this Agreement.

6 Notices

- a) All notices and other communications given or made under this Agreement shall be in writing.
- b) Any such notice or other communication shall be addressed as provided in sub clause 6 (c) and, if so addressed, shall be deemed to have been duly given or made as follows:
 - I. if mailed by certified or registered mail, ten (10) Business Days after mailing;
 - II. if sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognised overnight express carrier;
 - III. if sent via facsimile, upon dispatch with receipt of confirmation of transmittal; or
 - IV. If sent by personal delivery, upon delivery at the address of the relevant Party.

Provided that, if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours, such notice or other communication shall be deemed to be given or made at the start of the next period of working hours.

- c) The relevant addressee, address and facsimile number of each Party for the purpose of this Agreement, are:

GOSL	Company
<p>The Secretary, Ministry of Petroleum Industries, No.80, Sir Earnest De Silva Mawatha, Colombo 7, Sri Lanka.</p> <p>Tel : (+94 11) 2370115 Fax : (+94 11) 2372115</p> <p>Copy to:</p> <p>1. Director General Public Utilities Commission of Sri Lanka Level 06, BOC Merchant Tower No. 28, St. Michael's Road Colombo 03.</p> <p>Tel : (+94 11) 2392607/8 Fax : (+94 11) 2392641</p>	

7 Assignment

This Agreement will not be assigned by the company except with prior written consent of GOSL.

8 Confidentiality

- a) Each Party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to:
- I. the provisions of this Agreement;
 - II. the negotiations in relation to this Agreement;
 - III. the subject matter of this Agreement; or

IV. the other Party.

- b) For avoidance of doubt, the GOSL confirms that all information provided by the Company in terms of Clause 8 (a) shall be treated as commercially sensitive and confidential material by the GOSL.
- c) Each Party may disclose information which would otherwise be confidential if and to the extent:-
- I. required by Applicable Law;
 - II. required by existing contractual obligations which have been duly disclosed to the other Party;
 - III. required by any securities exchange or regulatory or governmental body to which the Party is subject or submits to, wherever situated whether or not the requirement for information has the force of law;
 - IV. necessary or desirable for the conduct of any dispute resolution pursuant to Clause 5;
 - V. required to vest the full benefit of this Agreement in that Party;
 - VI. disclosed to the professional advisors, auditors and bankers of each party;
 - VII. the information has come into public domain through no fault of that Party; or
 - VIII. the other Party has given prior written approval to the disclosure,

PROVIDED THAT any such information disclosed pursuant to sub-clause 8 (c) shall be disclosed only after notice to the other Party.

- d) The restrictions contained in this Clause shall continue to apply after the termination of any other provision of this Agreement without limit in time.

9 Governing Law

The Parties hereby acknowledge and agree that this Agreement shall be constituted and governed by the laws of Sri Lanka and that the parties submit to the exclusive jurisdiction of the courts of Sri Lanka.

10 Further Assurances

Each Party shall co-operate with the other and execute and deliver to the other such other instruments and documents and take such actions as may be reasonably requested from time

to time in order to carry out, evidence and confirm their rights and the intended purposes of this Agreement, as amended and supplemented from time to time

11 Entire Agreement

This Agreement:

- a) constitutes the whole and only Agreement between the Parties relating to import, export, sell, supply or distribute Lubricants and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties, and arrangements of any nature whatsoever, whether or not in writing relating thereto.

- b) each Party acknowledges that in entering into this Agreement, it is not relying upon any representation, warranty, promise or assurance made or given by any other party or any other person, whether or not in writing, at any time prior to the execution of this Agreement, which is not expressly set out herein.

IN WITNESS WHEREOF the parties have caused this Agreement and two others of the same tenor and date to be sealed and signed as of the day and year first above written.

Signed In The Presence of

.....
THE SECRETARY, MINISTRY OF PETROLEUM
INDUSTRIES acting for and on behalf of THE
GOVERNMENT OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA

.....
Name:
Title:

.....
Name:
Title:

Placed In The Presence of

.....
For and on behalf of THE COMPANY

.....
Name:
Title:

Seal of the Company

.....
Name:
Title:

STANDARDS OF QUALITY

The following are the minimum Standards as defined in Clause 1 hereof, which will apply to Lubricants a both imported and locally blended/produced and Base Oils imported. These standards comprise of Sri Lanka Standards formulated by Sri Lanka Standards Institution or interim standards as imposed by the GOSL until Sri Lanka Standards are formulated by SLSI.

(i) Lubricants

Product	Minimum Standard
Gasoline Engine Oil	SLSI 1374 (equivalent to API-SJ)
Diesel Engine Oil	SLSI 1373 (equivalent to API-CF)
Two stroke Engine Oil	SLSI 1446/2012 (equivalent to JASO FC)
Four stroke Engine Oil	SLSI 1409/2011 (equivalent to API SG and JASO MA)
Automotive Gear Oil	SLSI 1396 (equivalent to API-GL 4)
Automatic Transmission Oil	DEXRON-11D, DEXRON III, MERCON ALLISON C4 JASO M315 type Group 1
Base Oil	API Group I

(II) GREASES

Product	Minimum Standard
Grease	SLS 1424/2011 or NLGI LB

1. API refers to the American Petroleum Institute.
2. NLGI refers to National Lubricating Grease Institute of USA
3. Generally SLSI standard will be considered as quality standard for any Lubricant imported into Sri Lanka.
4. These standards will be reviewed by the GOSL at its sole discretion from time to time and will be effective from the date of communication
5. Specifications for special machinery will be the recommended Lubricant for the same, as specified in the operations or Service manual of such machine.

MINIMUM REQUIREMENTS FOR A LUBRICANT BLENDING PLANT**For Blending Lubricants**

1. Minimum Plant Capacity – 7500 MT per annum
2. Storage tanks for base oils

At least three storage tanks to store three viscosity grades of base oils

3. Finished products storage tanks
At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks
Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles
Minimum of two blending kettles.
In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:
 - Pump and piping arrangements to circulate the product
 - Piping system to introduce clean air for mixing
 - Internal baffles to create turbulence
 - Appropriate mixer
 - Heating arrangement
 - Temperature sensor and other instruments
 - Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Boiler for producing 150 psi steam for heating purposes
7. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc.)
8. Air compressor to provide dry compressed air
9. Drum and can filling system

10. Should have a fully equipped quality control laboratory to carry out the following tests

Property	Test Method	Apparatus
Colour	ASTM D1500	Colour comparator
Flash Point	SLS ASTM D92/93	Flash point apparatus
Kinematic Viscosity @ 40°C	SLS ASTM D445	Viscometers, viscometer bath, viscometer holders etc.
Kinematic Viscosity @ 100°C	SLS ASTM 445	do
Viscosity Index	SLS ASTM D2270	
Foam Test	SLS ASTM D892	Foam Test bath, foam cylinders, foam stones etc.
Water Separability	ASTM D1401	Emulsion bath
Copper Corrosion	SLS ASTM D130	
Pour Point	SLS ASTM D97	Pour point bath
Base Number	SLS ASTM D2896	Titrometer
Acid Number	ASTM D974	Titrometer
Density	SLS ASTM D1298/D4052	
Sulphated Ash	SLS ASTM D874	Atomic Absorption Spectrophotometer
Metallic Components	SLS ASTM D4951	do

The laboratory also should have the following other equipment and services installed

- pH meter
- Analytical balance
- Centrifuge
- Oven
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

11. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

12. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc. should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

For Blending Greases

1. Minimum Plant Capacity – 1000 MT per annum

2. Storage tanks for base oils

At least two storage tanks to store different viscosity grades

3. Finished products storage tanks

At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks

Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles

Minimum of two blending kettles

In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:

- Pump and piping arrangements to circulate the product
- Piping system to introduce clean air for mixing
- Internal baffles to create turbulence
- Appropriate mixer
- Heating arrangement
- Temperature sensor and other instruments
- Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Colloidal mill for homogenizing

7. Boiler for producing 150 psi steam for heating purpose

8. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc)

9. Air compressor to provide dry compressed air

10. Drum and can filling system

11. Should have a fully equipped quality control laboratory with following apparatus:

- i) Stability test apparatus.
- ii) Dropping Point apparatus

- iii) Corrosion test apparatus.
- iv) Flash point apparatus
- v) Penetrometer
- vi) Grease worker
- vii) Hot Plate.
- viii) Oil Separator
- ix) Hydrometer
- x) Balance
- xi) Oven.

The laboratory also should have the following other equipment and services installed

- pH meter
- Centrifuge
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

12. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

13. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

ANNEX XIV AGREEMENT B- IMPORT, EXPORT, SELL, SUPPLY OR DISTRIBUTE OF GENUINE TRANSMISSION OIL

THIS AGREEMENT is made and entered into this day of Two Thousand and (20.....) at Colombo, in the Democratic Socialist Republic of Sri Lanka.

BY AND BETWEEN

.....SECRETARY, MINISTRY OF PETROLEUM RESOURCES DEVELOPMENT, acting for and on behalf of THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (herein after referred to as the "GOSL")

AND

.....a company duly incorporated inunder the laws ofand having its registered office at(herein after called and referred to as the "Company").

WITNESSETH

WHEREAS the GOSL has liberalized the Lubricants and Greases market in Sri Lanka and invited Requests for Qualification from interested parties;

AND WHEREAS the Company is desirous of entering the Genuine Transmission Oil market in Sri Lanka and has submitted a Request for Qualification;

AND WHEREAS the Company is the accredited agent for the OEM..... in Sri Lanka and the GOSL has selected the Company through an evaluation process; and

AND WHEREAS this Agreement is being entered into with effect from until appropriate legislation empowering a regulator to regulate the Petroleum industry, including the Lubricant and Grease market, comes into operation. However, in the absence of a regulator being appointed, the Agreement shall be effective for a period of five years from the said

TERMS OF THIS AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

1. Interpretation

In addition to the definitions elsewhere in this Agreement, the following terms shall have the following meanings, unless the context requires or admits otherwise:

"Additives" means a raw material used in the production of Lubricants and Greases, which will ensure and enhance the lubrication and performance of a particular Lubricant and Grease;

"Agreement" means an agreement between the GOSL and a party or parties authorized to import, export, sell, supply or distribute specific brands of Lubricants and Greases in Sri Lanka and shall include the terms and conditions of this Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the provisions hereof;

"Applicable Law" means any written law presently in force in Sri Lanka and which will come into force from time to time;

"Base Oils" means raw materials, which form the base material in which Additives are dissolved to produce Lubricants and Greases;

"Business Day" means any day other than a Saturday, Sunday or a Public Holiday or Bank Holiday in Sri Lanka;

"Genuine Oil" means Lubricants manufactured for the specific requirements of and recommended by Original Equipment Manufacturers

"Governmental Authorities" means the GOSL and all its ministries, departments, statutory institutions, representatives, officers or any of their representatives;

"Greases" means a semi-fluid or solid product that consists of a dispersion of a lubricating oil, whether mineral oil based or synthetic, in a thickening agent or as may be defined by law or any Government Authority from time to time;

"Licence" means the licence issued by the Controller of Imports & Exports in terms of the Imports & Exports (Control) Act No. 1 of 1969, for the import of Lubricants and Greases into Sri Lanka;

"Lubricants" means without limiting the scope of the generic use thereof, lubricating oils, whether mineral oil based or synthetic or as may be defined by law or any Governmental Authority from time to time;

"Marine Lubricants" means lubricating oils used for Two-Stroke Crosshead Diesel Engines and Trunk Piston Diesel Engines installed in marine ships.

"Nominee(s)" means a company(s) incorporated in Sri Lanka who may be nominated by the Company to exercise on its behalf, the right to import, export, sell, supply or distribute Lubricants and Greases in Sri Lanka as may be determined by the Company from time to time, provided that the GOSL shall have consented to such nomination, which shall not be unreasonably withheld;

"Parties" means the GOSL and the Company including their respective successors and permitted assigns;

"PUCSL" means the Public Utilities Commission of Sri Lanka established under the Public Utilities Commission of Sri Lanka Act No. 35 of 2002

"Registration Fee" means the fee payable by the Company or Nominee to the Secretary to the Ministry of Petroleum Resources Development and the Public Utilities Commission of Sri Lanka as set out in Clause 2;

"Rupees" and "Rs." means the lawful currency of Sri Lanka;

"Standards" means Standards for Lubricants, Greases and Base Oils established by the Sri Lanka Standards Institution (SLSI) in terms of the Sri Lanka Standards Institution Act No.6 of 1984 or any other Governmental Authority, and in the absence of such Standards, interim Standards or specifications established by the SLSI or any other Governmental Authority. Currently applicable Standards and specifications are identified in Annex 1 hereof;

"Toll Blending" means blending and producing of Lubricants and Greases for another party according to a formula and specifications provided by such party for a fee (toll).

"Total Invoiced Sales" means total sales (excluding any sales taxes) sold from Sri Lanka.

2. Registration Fee

In consideration of the right granted hereby, the Company shall pay to the GOSL bi-annually a fixed and a variable registration fee equivalent to a sum of Rupees Fifty Thousand (Rs. 50,000/-) or 0.75% of Total Invoiced Sales for that period, whichever is higher of lawful money of Sri Lanka. The said bi-annual payments shall be made for as long as the Agreement remains in force. In making the said bi-annual payment, a sum of Rupees Fifty Thousand (Rs. 50,000/-) shall be paid on or before the 1st January another sum of Rupees Fifty Thousand (Rs. 50,000/-) shall be paid on or before 30th June of each year in favour of the Secretary, Ministry of Petroleum Resources Development, and in the event of 0.75% of total invoiced sales for that period being greater than the Rupees Fifty Thousand, such additional amount is to be paid within 30 days of the end of that period to the Public Utilities Commission of Sri Lanka. Such amounts shall be adjusted based on the final audited accounts of the Company. Payment shall be made in the form of a bank draft from a licensed Commercial Bank in Sri Lanka.

3. Terms and Conditions

3.1 The GOSL hereby grants to the Company the right to:

- a) import, export, sell, supply or distribute branded Genuine Transmission Oil
- b) acquire by way of Toll Blending branded Genuine Transmission Oil through a party duly authorized to Toll Blend, in terms of a validly existing Agreement.

subject to the terms and conditions of this Agreement and any written laws and Standards as defined in Clause 1 here of which are in force and which may be imposed from time to time.

3.2 The GOSL shall facilitate granting of a Licence to the Company or the Nominee(s) for the import of Genuine Transmission Oil

3.3 The GOSL may at its own discretion consider reviewing and if deemed necessary rationalizing the present duty structure to be conducive to a liberalised Lubricants and Greases market in order to facilitate healthy competition having due regard to the GOSL's economic policy and value addition of blending and producing Lubricants and Greases locally.

3.4 The Company hereby undertakes and warrants on behalf of itself and its Nominee(s) that during the tenure of this Agreement, the Company:

- a) shall not import Base Oils and Additives or engage in unauthorised manufacturing or blending operations of Lubricants and Greases;
- b) shall ensure that its Nominee(s) comply with the provisions of this Agreement and that the Company shall be wholly responsible for the effective implementation of the explicit as well as implicit duties, responsibilities and obligations imposed upon it under this Agreement;
- c) shall import, export, sell, supply or distribute only:
 - i) branded Genuine Transmission Oil.
- d) shall acquire by way of Toll Blending only branded Genuine Transmission Oil
- e) shall import, export, sell, supply or distribute Genuine Transmission Oil, blended only in a blending plant conforming to the minimum technical specifications given in the Annex II.
- f) Where Genuine Transmission Oil are blended in a plant not owned by the brand owner (toll blending in a second party owned plant), shall obtain prior approval of the GOSL for such toll blending and for any subsequent change of the toll blending plant.
- g) shall not commence or engage in any act which will contravene the provisions of this Agreement;
- h) shall forthwith inform the GOSL, if the Agency is terminated by the Brand Owner or if it becomes invalid.
- i) shall not engage in any anti-competitive practices or abuse a dominant market position;
- j) shall abide by any order, directive, and guidelines relating to pricing of Genuine Transmission Oil issued in terms of any Applicable Law;
- k) shall import, export, sell, supply or distribute only such of Genuine Transmission Oil which conform to the required Standards as defined in Clause 1 hereof, if such of Genuine Transmission Oils are subject to Standards;
- l) shall provide, at its own expense, if requested by the GOSL, in respect of Genuine Transmission Oil imported and acquired by Toll Blending, test certificates issued by the in-house laboratory, confirming that the physical, chemical and performance properties of the Genuine Transmission Oil comply with the specifications stipulated for the product. Further, if requested by the GOSL, the Company shall at its own expense provide certificates, issued by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC) confirming that physical, chemical and performance properties of the Genuine Transmission Oil are consistent with the test certificates issued by the in-house laboratory and comply with the specifications stipulated for the product
- m) shall comply with the requirements of the Applicable Laws, regulations, rules, orders and directions issued by any Governmental Authority in terms of the relevant laws;
- n) shall comply with all applicable environmental laws in Sri Lanka in force at the date hereof or in the future;
- o) shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Company or its agents, servants and employees or all such persons working in or under the name of the Company, when carrying out its business;

- p) shall take all reasonable steps to protect the environment including human health, flora and fauna and eco-systems;
- q) shall take all reasonable steps to minimise the use of products, materials, and processes that are hazardous to the environment; and
- r) shall take all reasonable steps to minimise and where possible prevent environmental pollution resulting from Genuine Transmission Oil packaging materials.

3.5 To the extent required to act in compliance with the terms and conditions of this Agreement:

- a) The GOSL may request and the Company and its Nominee(s) shall provide access to all facilities and its records and shall provide all technical, financial and other information requested by the GOSL;
- b) The Company and its Nominee(s) shall if requested, make available to the Ministry of Petroleum Resources Development and PUCSL copies of the monthly statements of imports of Genuine Transmission Oil and monthly statements of Genuine Transmission Oil acquired locally by Toll Blending under the right granted under this Agreement, together with required detail, before the last Business Day of the succeeding month; and
- c) The Company and its Nominee(s) shall at end of each year, make available to the Ministry of Petroleum Resources Development and PUCSL a statement containing the Total Invoiced Sales of Genuine Transmission Oil together with the quantities sold, with respect to that bi-annual period on or before fourteen (14) days of the end of that bi-annual period in order to ascertain the variable registration fee payable by the Company or the Nominee;
- d) The Company and its Nominee(s) at the end of the each year, make available to the Ministry of Petroleum Resources Development and PUCSL a statement of Genuine Transmission Oil imported, exported, sold and obtained locally by Toll Blending under the rights granted under this Agreement, together with required detail, on or before ninety (90) days of the end of that year, in order to ascertain the volume of the operations; and
- e) The Company and its Nominee(s) at the end of the each year, make available to the PUCSL a statement certified by the auditors containing the Total Invoiced Sales of Genuine Transmission Oil, together with the quantities sold, with respect to that year on or before ninety (90) days of the end of that year, in order to verify the statements submitted under (c) above with respect to the two bi-annual periods of that year.

4 Term and Termination

- 4.1 This Agreement, unless terminated by either Party pursuant to clauses 4.3, 4.4 and 4.5 hereof, shall continue in full force and be effective for five years fromuntil.....
- 4.2 This Agreement will stand terminated from the date upon which the Company ceases to be the accredited agent in Sri Lanka for the OEM.
- 4.3 The provisions of this Agreement may be revised or varied and any new or additional terms and conditions may be introduced and shall be treated as if they were herein set out provided such revision, variation and additions are in writing and signed by the Parties hereto.
- 4.4 Provided however this Agreement will stand terminated from the date upon which legislation empowering a regulator to regulate the petroleum industry, including the Lubricant and Grease market, comes into operation. It is further provided that in such event, the Company shall pay the Registration Fee on a pro rata basis to the GOSL for the period which the Agreement was in force and such payments shall be made within three months from the date this Agreement stand terminated. The Company will be entitled to a return of the Registration Fee for the unutilized period on a pro rata basis or to set off against any payment required from the Company under such legislation and such payments shall be made within three months from the date this Agreement stand terminated; or
- 4.5 The Company may, at any time, terminate this Agreement by giving one (01) months notice in writing to the GOSL.
- 4.6 Notwithstanding anything contained elsewhere in this Agreement, the GOSL shall have the right to terminate this Agreement and the License issued in terms of this Agreement, by giving one (01) months notice in writing to the Company, if the Company or its Nominee is in breach or default or fails to perform or observe any of the terms or conditions specified in this Agreement and Applicable Law.
- 4.7 In the event of termination of this Agreement by either party;
- (a) the authority given by GOSL to the Company to enter and or continue to be in the of Genuine Transmission Oil market is deemed to have been withdrawn forthwith.
 - (b) the License issued to the Company or the Nominee(s) in terms of this agreement shall stand revoked.

5 Dispute Resolution

The Parties hereby acknowledge that they are committed to settle by negotiations in good faith all disputes or differences which arise between them in relation to or out of or in connection with this Agreement including without limitation any dispute, controversy, claim or disagreement relating to the validity, interpretation, construction, performance, enforcement or termination of this Agreement.

6 Notices

- a) All notices and other communications given or made under this Agreement shall be in writing.
- b) Any such notice or other communication shall be addressed as provided in sub clause 6 (c) and, if so addressed, shall be deemed to have been duly given or made as follows:
 - I. if mailed by certified or registered mail, ten (10) Business Days after mailing;
 - II. if sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognised overnight express carrier;
 - III. if sent via facsimile, upon dispatch with receipt of confirmation of transmittal; or
 - IV. If sent by personal delivery, upon delivery at the address of the relevant Party.

Provided that, if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours, such notice or other communication shall be deemed to be given or made at the start of the next period of working hours.

- c) The relevant addressee, address and facsimile number of each Party for the purpose of this Agreement, are:

GOSL	Company
<p>The Secretary, Ministry of Petroleum Resources Development, No.80, Sir Earnest De Silva Mawatha, Colombo 7, Sri Lanka.</p> <p>Tel : (+94 11) 2370115 Fax : (+94 11) 2372115</p> <p>Copy to:</p> <p>1. Director General Public Utilities Commission of Sri Lanka Level 06, BOC Merchant Tower No. 28, St. Michael's Road Colombo 03.</p> <p>Tel : (+94 11) 2392607/8 Fax : (+94 11) 2392641</p>	

7 Assignment

This Agreement will not be assigned by the Company except with prior written consent of GOSL.

8 Confidentiality

- a) Each Party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to:
- I. the provisions of this Agreement;
 - II. the negotiations in relation to this Agreement;
 - III. the subject matter of this Agreement; or
 - IV. the other Party.

- b) For avoidance of doubt, the GOSL confirms that all information provided by the Company in terms of Clause 8 (a) shall be treated as commercially sensitive and confidential material by the GOSL.
- c) Each Party may disclose information which would otherwise be confidential if and to the extent:-
- I. required by Applicable Law;
 - II. required by existing contractual obligations which have been duly disclosed to the other Party;
 - III. required by any securities exchange or regulatory or governmental body to which the Party is subject or submits to, wherever situated whether or not the requirement for information has the force of law;
 - IV. necessary or desirable for the conduct of any dispute resolution pursuant to Clause 5;
 - V. required to vest the full benefit of this Agreement in that Party;
 - VI. disclosed to the professional advisors, auditors and bankers of each party;
 - VII. the information has come into public domain through no fault of that Party; or
 - VIII. the other Party has given prior written approval to the disclosure,

PROVIDED THAT any such information disclosed pursuant to sub-clause 8 (c) shall be disclosed only after notice to the other Party.

- d) The restrictions contained in this Clause shall continue to apply after the termination of any other provision of this Agreement without limit in time.

9 Governing Law

The Parties hereby acknowledge and agree that this Agreement shall be constituted and governed by the laws of Sri Lanka and that the parties submit to the exclusive jurisdiction of the courts of Sri Lanka.

10 Further Assurances

Each Party shall co-operate with the other and execute and deliver to the other such other instruments and documents and take such actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights and the intended purposes of this Agreement, as amended and supplemented from time to time

11 Entire Agreement

This Agreement:

- a) constitutes the whole and only Agreement between the Parties relating to import, export, sell, supply or distribute Genuine Transmission Oil and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties, and arrangements of any nature whatsoever, whether or not in writing relating thereto.
- b) each Party acknowledges that in entering into this Agreement, it is not relying upon any representation, warranty, promise or assurance made or given by any other party or any other person, whether or not in writing, at any time prior to the execution of this Agreement, which is not expressly set out herein.

IN WITNESS WHEREOF the parties have caused this Agreement and two others of the same tenor and date to be sealed and signed as of the day and year first above written.

Signed In The Presence of

.....
THE SECRETARY, MINISTRY OF PETROLEUM
RESOURCES DEVELOPMENT acting for and on behalf
of THE GOVERNMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF SRI LANKA

.....
Name:
Title:

.....
Name:
Title:

Placed In The Presence of

.....
For and on behalf of THE COMPANY

.....
Name:
Title:

Seal of the Company

.....
Name:
Title:

STANDARDS OF QUALITY

The following are the minimum Standards as defined in Clause 1 hereof, which will apply to Lubricants and Greases both imported and obtained by way of Toll Blending in Sri Lanka. These standards comprise of Sri Lanka Standards formulated by the Sri Lanka Standards Institution (SLSI) or interim Standards or specifications as established by the SLSI or any other Government Authority until Sri Lanka Standards are formulated by SLSI.

Lubricants and Base Oils

Product	Minimum Standard
Gasoline Engine Oil	SLS 1374 (equivalent to API-SJ)
Diesel Engine Oil	SLS 1373 (equivalent to API-CF)
Two Stroke Engine Oil	SLS 1446/2012 (equivalent to JASO FC)
Four Stroke Motorcycle Engine Oil	SLS 1409/2011 (equivalent to API-SG and JASO MA)
Automotive Gear Oil	SLS 1396 (equivalent to API-GL 4)
Automatic Transmission Fluid	DEXRON-11D, DEXRON III, MERCON ALLISON C4, or JASO M315 type 1- A
Base Oil	API Group I

Greases

Product	Minimum Standard
Grease	SLS 1424/2011 or NLGI LB

Notes:

1. API refers to the American Petroleum Institute.
2. SLS refer to Sri Lanka Standards
3. JASO refers to Japanese Automobile Standards Organization
4. DEXRON refers to a registered trademark of General Motors Corp
5. MERCON/ALLISON refers to registered trade marks of Ford Motor Co
6. NLGI refers to National Lubricating Grease Institute of USA
7. ASTM refers to American Society of Testing and Materials
8. Generally SLSI standard will be considered as quality standard for any Lubricants or Grease imported into Sri Lanka.
9. These standards will be reviewed by the GOSL at its sole discretion from time to time and will be effective from the date of communication.
10. Specifications for special machinery will be the recommended Lubricant or Greases for the same, as specified in the operations or Service manual of such machine.

MINIMUM REQUIREMENTS FOR A LUBRICANT BLENDING PLANT

For Blending Lubricants

1. Minimum Plant Capacity – 7500 MT per annum
2. Storage tanks for base oils

At least three storage tanks to store three viscosity grades of base oils

3. Finished products storage tanks
At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks

Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles

Minimum of two blending kettles.

In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:

- Pump and piping arrangements to circulate the product
- Piping system to introduce clean air for mixing
- Internal baffles to create turbulence
- Appropriate mixer
- Heating arrangement
- Temperature sensor and other instruments
- Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Boiler for producing 150 psi steam for heating purposes
7. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc.)

8. Air compressor to provide dry compressed air
9. Drum and can filling system
10. Should have a fully equipped quality control laboratory to carry out the following tests

Property	Test Method	Apparatus
Colour	ASTM D1500	Colour comparator
Flash Point	SLS ASTM D92/93	Flash point apparatus
Kinematic Viscosity @ 40°C	SLS ASTM D445	Viscometers, viscometer bath, viscometer holders etc.
Kinematic Viscosity @ 100°C	SLS ASTM 445	do
Viscosity Index	SLS ASTM D2270	
Foam Test	SLS ASTM D892	Foam Test bath, foam cylinders, foam stones etc.
Water Separability	ASTM D1401	Emulsion bath
Copper Corrosion	SLS ASTM D130	
Pour Point	SLS ASTM D97	Pour point bath
Base Number	SLS ASTM D2896	Titrometer
Acid Number	ASTM D974	Titrometer
Density	SLS ASTM D1298/D4052	
Sulphated Ash	SLS ASTM D874	Atomic Absorption Spectrophotometer
Metallic Components	SLS ASTM D4951	do

The laboratory also should have the following other equipment and services installed

- pH meter
- Analytical balance
- Centrifuge
- Oven
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

11. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

12. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc. should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

For Blending Greases

1. Minimum Plant Capacity – 1000 MT per annum

2. Storage tanks for base oils

At least two storage tanks to store different viscosity grades

3. Finished products storage tanks

At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks

Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles

Minimum of two blending kettles

In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:

- Pump and piping arrangements to circulate the product
- Piping system to introduce clean air for mixing
- Internal baffles to create turbulence
- Appropriate mixer
- Heating arrangement
- Temperature sensor and other instruments
- Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Colloidal mill for homogenizing

7. Boiler for producing 150 psi steam for heating purpose

8. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc)

9. Air compressor to provide dry compressed air

10. Drum and can filling system

11. Should have a fully equipped quality control laboratory with following apparatus:

- i) Stability test apparatus.
- ii) Dropping Point apparatus

- iii) Corrosion test apparatus.
- iv) Flash point apparatus
- v) Penetrometer
- vi) Grease worker
- vii) Hot Plate.
- viii) Oil Separator
- ix) Hydrometer
- x) Balance
- xi) Oven.

The laboratory also should have the following other equipment and services installed

- pH meter
- Centrifuge
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

12. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

13. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

ANNEX XV AGREEMENT C - IMPORT, EXPORT, SELL, SUPPLY OR DISTRIBUTE OF MARINE LUBRICANTS

THIS AGREEMENT is made and entered into this day of Two Thousand and(20.....) at Colombo, in the Democratic Socialist Republic of Sri Lanka.

BY AND BETWEEN

.....SECRETARY, MINISTRY OF PETROLEUM RESOURCES DEVELOPMENT, acting for and on behalf of the Government OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (herein after referred to as the "GOSL")

AND

.....a company duly incorporated inunder the laws ofand having its registered office at(herein after called and referred to as the "Company").

WITNESSETH

WHEREAS the GOSL has liberalized the Lubricants and Greases market in Sri Lanka and invited Requests for Qualification from interested parties;

AND WHEREAS the Company is desirous of entering the Marine Lubricant and Grease market in Sri Lanka and has submitted a Request for Qualification;

AND WHEREAS the GOSL has selected the Company through an evaluation process; and

AND WHEREAS this Agreement is being entered into with effect from until appropriate legislation empowering a regulator to regulate the Petroleum industry, including the Lubricant and Grease market, comes into operation. However, in the absence of a regulator being appointed, the Agreement shall be effective for a period of five years from the said

TERMS OF THIS AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

1. Interpretation

In addition to the definitions elsewhere in this Agreement, the following terms shall have the following meanings, unless the context requires or admits otherwise:

"Additives" means a raw material used in the production of Lubricants and Greases, which will ensure and enhance the lubrication and performance of a particular Lubricant and Grease;

"Agreement" means an agreement between the GOSL and a party or parties authorized to import, export, sell, supply or distribute specific brands of Lubricants and Greases in Sri Lanka and shall include the terms and conditions of this Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the provisions hereof;

"Applicable Law" means any written law presently in force in Sri Lanka and which will come into force from time to time;

"Base Oils" means raw materials, which form the base material in which Additives are dissolved to produce Lubricants and Greases;

"Business Day" means any day other than a Saturday, Sunday or a Public Holiday or Bank Holiday in Sri Lanka;

"Genuine Oil" means Lubricants manufactured for the specific requirements of and recommended by Original Equipment Manufacturers

"Governmental Authorities" means the GOSL and all its ministries, departments, statutory institutions, representatives, officers or any of their representatives;

"Greases" means a semi-fluid or solid product that consists of a dispersion of a lubricating oil, whether mineral oil based or synthetic, in a thickening agent or as may be defined by law or any Government Authority from time to time;

"Licence" means the licence issued by the Controller of Imports & Exports in terms of the Imports & Exports (Control) Act No. 1 of 1969, for the import of Lubricants and Greases into Sri Lanka;

"Lubricants" means without limiting the scope of the generic use thereof, lubricating oils, whether mineral oil based or synthetic or as may be defined by law or any Governmental Authority from time to time;

"Marine Lubricants" means lubricating oils used for Two-Stroke Crosshead Diesel Engines and Trunk Piston Diesel Engines installed in marine ships;

"Nominee(s)" means a company(s) incorporated in Sri Lanka who may be nominated by the Company to exercise on its behalf, the right to import, export, sell, supply or distribute Lubricants and Greases in Sri Lanka as may be determined by the Company from time to time, provided that the GOSL shall have consented to such nomination, which shall not be unreasonably withheld;

"Parties" means the GOSL and the Company including their respective successors and permitted assigns;

"PUCSL" means the Public Utilities Commission of Sri Lanka established under the Public Utilities Commission of Sri Lanka Act No. 35 of 2002

"Registration Fee" means the fee payable by the Company or Nominee to the Secretary to the Ministry of Petroleum Resources Development and the Public Utilities Commission of Sri Lanka as set out in Clause 2;

"Rupees" and "Rs." means the lawful currency of Sri Lanka;

"Standards" means Standards for Lubricants, Greases and Base Oils established by the Sri Lanka Standards Institution (SLSI) in terms of the Sri Lanka Standards Institution Act No.6 of 1984 or any other Governmental Authority, and in the absence of such Standards, interim Standards or specifications established by the SLSI or any other Governmental Authority. Currently applicable Standards and specifications are identified in Annex 1 hereof;

"Toll Blending" means blending and producing of Lubricants and Greases for another party according to a formula and specifications provided by such party for a fee (toll).

“Total Invoiced Sales” means total sales of Marine Lubricants and Greases (excluding any sales taxes) within Sri Lanka

2. Registration Fee

In consideration of the right granted hereby, the Company shall pay to the GOSL bi-annually a fixed and a variable registration fee equivalent to a sum of Rupees One Hundred Twenty Five Thousand (Rs. 125,000/-) or 0.75% of Total Invoiced Sales for that period, whichever is higher of lawful money of Sri Lanka. The said bi-annual payments shall be made for as long as the Agreement remains in force. In making the said bi-annual payment, a sum of Rupees One Hundred Twenty Five Thousand (Rs. 125,000/-) shall be paid on or before the 1st January another sum of Rupees One Hundred and Twenty Five Thousand (Rs.125,000/-) shall be paid on or before 30th June of each year in favour of the Secretary, Ministry of Petroleum Resources Development, and in the event of 0.75% of total invoiced sales for that period being greater than the Rupees One Hundred Twenty Five Thousand, such additional amount is to be paid within 30 days of the end of that period to the Public Utilities Commission of Sri Lanka. Such amounts shall be adjusted based on the final audited accounts of the Company. Payment shall be made in the form of a bank draft from a licensed Commercial Bank in Sri Lanka.

3. Terms and Conditions

3.1 The GOSL hereby grants to the Company the right to:

- a) import, export, sell, supply or distribute branded Marine Lubricants and Greases.
- b) acquire by way of Toll Blending branded Marine Lubricants and Greases through a party duly authorized to Toll Blend, in terms of a validly existing Agreement.

subject to the terms and conditions of this Agreement and any written laws and Standards as defined in Clause 1 here of which are in force and which may be imposed from time to time.

- 3.2 The GOSL shall facilitate granting of a Licence to the Company or the Nominee(s) for the import of Marine Lubricants and Greases.
- 3.3 The GOSL may at its own discretion consider reviewing and if deemed necessary rationalizing the present duty structure to be conducive to a liberalised Lubricants and Greases market in order to facilitate healthy competition having due regard to the GOSL's economic policy and value addition of blending and producing Lubricants and Greases locally.
- 3.4 The Company hereby undertakes and warrants on behalf of itself and its Nominee(s) that during the tenure of this Agreement, the Company:
- a) shall not import Base Oils and Additives or engage in unauthorised manufacturing or blending operations of Lubricants and Greases;
 - b) shall ensure that its Nominee(s) comply with the provisions of this Agreement and that the Company shall be wholly responsible for the effective implementation of the explicit as well as implicit duties, responsibilities and obligations imposed upon it under this Agreement;
 - c) shall import, export, sell, supply or distribute only branded Marine Lubricants and Greases.
 - d) shall acquire by way of Toll Blending only branded Marine Lubricants and Greases
 - e) shall import, export, sell, supply or distribute Marine Lubricants and Greases, blended only in a blending plant conforming to the minimum technical specifications given in the Annex II.
 - f) shall, where Marine Lubricants and Greases are blended in a plant not owned by the brand owner (toll blending in a second party owned plant), obtain prior approval of the GOSL for such toll blending and for any subsequent change of the toll blending plant
 - g) shall not commence or engage in any act which will contravene the provisions of this Agreement;

- h) shall forthwith inform the GOSL, if the Agency is terminated by the Brand Owner or if it becomes invalid
- i) shall not engage in any anti-competitive practices or abuse a dominant market position;
- j) shall abide by any order, directive, and guidelines relating to pricing of Marine Lubricants and Greases issued in terms of any Applicable Law;
- k) shall import, export, sell, supply or distribute only such Marine Lubricant and Greases which conform to the required Standards as defined in Clause 1 hereof, if such Marine Lubricants and Greases are subject to Standards;
- l) shall provide, at its own expense, if requested by the GOSL, in respect of Marine Lubricants and Greases imported and acquired by Toll Blending, test certificates issued by the in-house laboratory, confirming that the physical, chemical and performance properties of the Marine Lubricants and Greases comply with the specification stipulated for the product. Further, if requested by the GOSL, the Company shall at its own expense provide certificates, issued by an ISO/IEC 17025 certified independent laboratory accredited by an accreditation body having full membership of the International Laboratory Accreditation Corporation (ILAC) confirming that physical, chemical and performance properties of the Marine Lubricants and Greases are consistent with the test certificates issued by the in-house laboratory and comply with the specifications stipulated for the product
- m) shall comply with the requirements of the Applicable Laws, regulations, rules, orders and directions issued by any Governmental Authority in terms of the relevant laws;
- n) shall comply with all applicable environmental laws in Sri Lanka in force at the date hereof or in the future;
- o) shall take all reasonable steps to protect persons, plant, property and equipment from injury and damage that may be caused by the Company or its agents, servants and employees or all such persons working in or under the name of the Company, when carrying out its business;

- p) shall take all reasonable steps to protect the environment including human health, flora and fauna and eco-systems;
- q) shall take all reasonable steps to minimise the use of products, materials, and processes that are hazardous to the environment; and
- r) shall take all reasonable steps to minimise and where possible prevent environmental pollution resulting from Marine Lubricant and Grease packaging materials.

3.5 To the extent required to act in compliance with the terms and conditions of this Agreement:

- a) The GOSL may request and the Company and its Nominee(s) shall provide access to all facilities and its records and shall provide all technical, financial and other information requested by the GOSL;
- b) The Company and its Nominee(s) shall if requested, make available to the Ministry of Petroleum Resources Development and PUCSL copies of the monthly statements of imports of Marine Lubricants and Greases and monthly statements of Marine Lubricants and Greases acquired locally by Toll Blending under the right granted under this Agreement, together with required detail, before the last Business Day of the succeeding month; and
- c) The Company and its Nominee(s) shall at end of each year, make available to the Ministry of Petroleum Resources Development and PUCSL a statement containing the Total Invoiced Sales of Marine Lubricants and Greases, together with the quantities sold, with respect to that bi-annual period on or before fourteen (14) days of the end of that bi-annual period in order to ascertain the variable registration fee payable by the Company or the Nominee;
- d) The Company and its Nominee(s) at the end of the each year, make available to the Ministry of Petroleum Resources Development and PUCSL a statement of Marine Lubricants and Greases imported, exported, sold and obtained locally by Toll Blending under the rights granted under this Agreement, together with required detail, on or before ninety (90) days of the end of that year, in order to ascertain the volume of the operations; and
- e) The Company and its Nominee(s) at the end of the each year, make available to the PUCSL a statement certified by the auditors containing the Total Invoiced Sales of Marine Lubricants and Greases, together with the quantities sold, with respect to that year on

or before ninety (90) days of the end of that year, in order to verify the statements submitted under (c) above with respect to the two bi-annual periods of that year.

4. Term and Termination

- 4.1 This Agreement, unless terminated by either Party pursuant to clauses 4.3, 4.4 and 4.5 hereof, shall continue in full force and be effective for five years fromuntil.....
- 4.2 The provisions of this Agreement may be revised or varied and any new or additional terms and conditions may be introduced and shall be treated as if they were herein set out provided such revision, variation and additions are in writing and signed by the Parties hereto.
- 4.3 Provided however this Agreement will stand terminated from the date upon which legislation empowering a regulator to regulate the petroleum industry, including the Lubricant and Grease market, comes into operation. It is further provided that in such event, the Company shall pay the Registration Fee on a pro rata basis to the GOSL for the period which the Agreement was in force and such payments shall be made within three months from the date this Agreement stand terminated. The Company will be entitled to a return of the Registration Fee for the unutilized period on a pro rata basis or to set off against any payment required from the Company under such legislation and such payments shall be made within three months from the date this Agreement stand terminated; or
- 4.4 The Company may, at any time, terminate this Agreement by giving one (01) months notice in writing to the GOSL.
- 4.5 Notwithstanding anything contained elsewhere in this Agreement, the GOSL shall have the right to terminate this Agreement and the License issued in terms of this Agreement, by giving one (01) months notice in writing to the Company, if the Company or its Nominee is in breach or default or fails to perform or observe any of the terms or conditions specified in this Agreement and Applicable Law.
- 4.6 In the event of termination of this Agreement by either party;
- (a) the authority given by GOSL to the Company to enter and or continue to be in the Marine Lubricants and Grease market is deemed to have been withdrawn forthwith.
 - (b) the License issued to the Company or the Nominee(s) in terms of this agreement shall stand revoked.

5. Dispute Resolution

The Parties hereby acknowledge that they are committed to settle by negotiations in good faith all disputes or differences which arise between them in relation to or out of or in connection with this Agreement including without limitation any dispute, controversy, claim or disagreement relating to the validity, interpretation, construction, performance, enforcement or termination of this Agreement.

6. Notices

- a) All notices and other communications given or made under this Agreement shall be in writing.
- b) Any such notice or other communication shall be addressed as provided in sub clause 6 (c) and, if so addressed, shall be deemed to have been duly given or made as follows:
 - I. if mailed by certified or registered mail, ten (10) Business Days after mailing;
 - II. if sent for overnight delivery with fee prepaid, six (6) Business Days after delivery to a recognised overnight express carrier;
 - III. if sent via facsimile, upon dispatch with receipt of confirmation of transmittal; or
 - IV. If sent by personal delivery, upon delivery at the address of the relevant Party.

Provided that, if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours, such notice or other communication shall be deemed to be given or made at the start of the next period of working hours.

- c) The relevant addressee, address and facsimile number of each Party for the purpose of this Agreement, are:

GOSL	Company
<p>The Secretary, Ministry of Petroleum Resources Development, No.80, Sir Earnest De Silva Mawatha, Colombo 7, Sri Lanka.</p> <p>Tel : (+94 11) 2370115 Fax : (+94 11) 2372115</p> <p>Copy to:</p> <p>1. Director General Public Utilities Commission of Sri Lanka Level 06, BOC Merchant Tower No. 28, St. Michael's Road Colombo 03.</p> <p>Tel : (+94 11) 2392607/8 Fax : (+94 11) 2392641</p>	

7. Assignment

This Agreement will not be assigned by the Company except with prior written consent of GOSL.

8. Confidentiality

- a) Each Party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to:
- I. the provisions of this Agreement;
 - II. the negotiations in relation to this Agreement;
 - III. the subject matter of this Agreement; or
 - IV. the other Party.

- b) For avoidance of doubt, the GOSL confirms that all information provided by the Company in terms of Clause 8 (a) shall be treated as commercially sensitive and confidential material by the GOSL.
- c) Each Party may disclose information which would otherwise be confidential if and to the extent:-
- I. required by Applicable Law;
 - II. required by existing contractual obligations which have been duly disclosed to the other Party;
 - III. required by any securities exchange or regulatory or governmental body to which the Party is subject or submits to, wherever situated whether or not the requirement for information has the force of law;
 - IV. necessary or desirable for the conduct of any dispute resolution pursuant to Clause 5;
 - V. required to vest the full benefit of this Agreement in that Party;
 - VI. disclosed to the professional advisors, auditors and bankers of each party;
 - VII. the information has come into public domain through no fault of that Party; or
 - VIII. the other Party has given prior written approval to the disclosure,

PROVIDED THAT any such information disclosed pursuant to sub-clause 8 (c) shall be disclosed only after notice to the other Party.

- d) The restrictions contained in this Clause shall continue to apply after the termination of any other provision of this Agreement without limit in time.

9. Governing Law

The Parties hereby acknowledge and agree that this Agreement shall be constituted and governed by the laws of Sri Lanka and that the parties submit to the exclusive jurisdiction of the courts of Sri Lanka.

10. Further Assurances

Each Party shall co-operate with the other and execute and deliver to the other such other instruments and documents and take such actions as may be reasonably requested from time to time in order to carry out, evidence and confirm their rights and the intended purposes of this Agreement, as amended and supplemented from time to time

11. Entire Agreement

This Agreement:

- a) constitutes the whole and only Agreement between the Parties relating to import, export, sell, supply or distribute Marine Lubricants and Greases and supersedes and extinguishes any prior drafts, agreements, undertakings, representations, warranties, and arrangements of any nature whatsoever, whether or not in writing relating thereto.

- b) each Party acknowledges that in entering into this Agreement, it is not relying upon any representation, warranty, promise or assurance made or given by any other party or any other person, whether or not in writing, at any time prior to the execution of this Agreement, which is not expressly set out herein.

IN WITNESS WHEREOF the parties have caused this Agreement and two others of the same tenor and date to be sealed and signed as of the day and year first above written.

Signed In The Presence of

.....
THE SECRETARY, MINISTRY OF PETROLEUM
RESOURCES DEVELOPMENT acting for and on behalf
of THE GOVERNMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF SRI LANKA

.....
Name:
Title:

.....
Name:
Title:

Placed In The Presence of

.....
For and on behalf of THE COMPANY

.....
Name:
Title:

Seal of the Company

.....
Name:
Title:

STANDARDS OF QUALITY

The following are the minimum Standards as defined in Clause 1 hereof, which will apply to Lubricants and Greases both imported and obtained by way of Toll Blending in Sri Lanka. These standards comprise of Sri Lanka Standards formulated by the Sri Lanka Standards Institution (SLSI) or interim Standards or specifications as established by the SLSI or any other Government Authority until Sri Lanka Standards are formulated by SLSI.

(i) Lubricants and Base Oils

Product	Minimum Standard
Gasoline Engine Oil	SLS 1374 (equivalent to API-SJ)
Diesel Engine Oil	SLS 1373 (equivalent to API-CF)
Two Stroke Engine Oil	SLS 1446/2012 (equivalent to JASO FC)
Four Stroke Motorcycle Engine Oil	SLS 1409/2011 (equivalent to API-SG and JASO MA)
Automotive Gear Oil	SLS 1396 (equivalent to API-GL 4)
Automatic Transmission Fluid	DEXRON-11D, DEXRON III, MERCON ALLISON C4, or JASO M315 type 1- A
Base Oil	API Group I

(ii) Greases

Product	Minimum Standard
Grease	SLS 1424/2011 or NLGI LB

Notes:

- 1 API refers to the American Petroleum Institute.
- 2 SLS refer to Sri Lanka Standards
- 3 JASO refers to Japanese Automobile Standards Organization
- 4 DEXRON refers to a registered trademark of General Motors Corp
- 5 MERCON/ALLISON refers to registered trade marks of Ford Motor Co
- 6 NLGI refers to National Lubricating Grease Institute of USA
- 7 ASTM refers to American Society of Testing and Materials
- 8 Generally SLSI standard will be considered as quality standard for any Lubricants or Grease imported into Sri Lanka.
- 9 These standards will be reviewed by the GOSL at its sole discretion from time to time and will be effective from the date of communication.
- 10 Specifications for special machinery will be the recommended Lubricant or Greases for the same, as specified in the operations or Service manual of such machine.

MINIMUM REQUIREMENTS FOR A LUBRICANT BLENDING PLANT**For Blending Lubricants**

1. Minimum Plant Capacity – 7500 MT per annum
2. Storage tanks for base oils

At least three storage tanks to store three viscosity grades of base oils

3. Finished products storage tanks
At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX

4. Dykes for Tanks
Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.

5. Blending Kettles
Minimum of two blending kettles.
In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:
 - Pump and piping arrangements to circulate the product
 - Piping system to introduce clean air for mixing
 - Internal baffles to create turbulence
 - Appropriate mixer
 - Heating arrangement
 - Temperature sensor and other instruments
 - Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.

6. Boiler for producing 150 psi steam for heating purposes
7. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc.)
8. Air compressor to provide dry compressed air

9. Drum and can filling system

10. Should have a fully equipped quality control laboratory to carry out the following tests

Property	Test Method	Apparatus
Colour	ASTM D1500	Colour comparator
Flash Point	SLS ASTM D92/93	Flash point apparatus
Kinematic Viscosity @ 40°C	SLS ASTM D445	Viscometers, viscometer bath, viscometer holders etc.
Kinematic Viscosity @ 100°C	SLS ASTM 445	do
Viscosity Index	SLS ASTM D2270	
Foam Test	SLS ASTM D892	Foam Test bath, foam cylinders, foam stones etc.
Water Separability	ASTM D1401	Emulsion bath
Copper Corrosion	SLS ASTM D130	
Pour Point	SLS ASTM D97	Pour point bath
Base Number	SLS ASTM D2896	Titrometer
Acid Number	ASTM D974	Titrometer
Density	SLS ASTM D1298/D4052	
Sulphated Ash	SLS ASTM D874	Atomic Absorption Spectrophotometer
Metallic Components	SLS ASTM D4951	do

The laboratory also should have the following other equipment and services installed

- pH meter
- Analytical balance
- Centrifuge
- Oven
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

11. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

12. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc. should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

For Blending Greases

1. Minimum Plant Capacity – 1000 MT per annum
2. Storage tanks for base oils

At least two storage tanks to store different viscosity grades
3. Finished products storage tanks

At least two tanks for finished products

All tanks shall be designed and constructed in accordance to API Standard 650 and welded according to ASME Code Section IX
4. Dykes for Tanks

Tank area shall be provided with dykes to prevent an accidental release of liquid from endangering plant and adjoining property or from reaching waterways. The volumetric capacity of the dike area shall not be less than the volume of the largest tank plus 10% of the volume of other tanks within the diked area.
5. Blending Kettles

Minimum of two blending kettles

In order to ensure adequate mixing/blending of base oils and additives, the blending kettles should have the following arrangements provided:

 - Pump and piping arrangements to circulate the product
 - Piping system to introduce clean air for mixing
 - Internal baffles to create turbulence
 - Appropriate mixer
 - Heating arrangement
 - Temperature sensor and other instruments
 - Metering system for raw material and additives injection

Note: Contamination is the main concern of the lube-blender. Base Oil and additives are expensive and mis-blending or contamination of the final product may mean down-grading the product. To avoid contamination it is imperative that products are made in closely related product family groups or entirely separately using different mixing kettles. Hence, a minimum of two blending kettles are required. Subsequent flushing is also essential tool to combat contamination.
6. Colloidal mill for homogenizing
7. Boiler for producing 150 psi steam for heating purpose
8. Fuel oil storage tanks for boiler fuel (furnace oil, diesel etc)
9. Air compressor to provide dry compressed air
10. Drum and can filling system
11. Should have a fully equipped quality control laboratory with following apparatus:
 - i) Stability test apparatus.
 - ii) Dropping Point apparatus

- iii) Corrosion test apparatus.
- iv) Flash point apparatus
- v) Penetrometer
- vi) Grease worker
- vii) Hot Plate.
- viii) Oil Separator
- ix) Hydrometer
- x) Balance
- xi) Oven.

The laboratory also should have the following other equipment and services installed

- pH meter
- Centrifuge
- Miscellaneous glassware
- Fume hood
- All utilities such as water, power, compressed air
- Emergency fire fighting equipment

12. Fire Fighting Water System

Blending Plant should have a fire fighting water system installed, with necessary pumps and piping capable of handling the largest expected fire that could occur within the plant.

13. Effluent Discharge System

All oily water that runs through the entire operations area covering tank farms, un-loading facilities, pump house, blending area, packing area etc should be collected at a single location and processed through a suitable skimmer system before discharging to outside.

ANNEX XVI- INTENTION TO GRANT AUTHORIZATION TO CARRY OUT BLENDING AND PRODUCTION OF LUBRICANTS

GOSL hereby confirm its intention to grant approval to [name of the company], who was selected, as per the RFQ dated [date], for the blending and production of lubricants, subject to the following terms and conditions:

1. The [name of the company] shall construct the lubricants blending plant to meet the Technical Specifications as set out in the aforementioned RFQ, and as set out under the Annex A herewith, within one year of the date hereof;
2. Upon completing the construction of the blending plant the GOSL shall through the PUCSL and the TEC inspect the plant to verify that the blending plant has been constructed in accordance with the Technical Specifications set out in the Annex A herewith.
3. Upon completing the construction of the blending plant and upon the GOSL being satisfied that the blending plant has been constructed in accordance with the Technical Specifications set out in the Annex A, the GOSL shall execute the said relevant Agreement authorising the [name of the company] for blending of lubricants at the said blending plant.
4. The GOSL shall not execute the said Agreement authorizing the blending of lubricants and blending of lubricants shall not take place at the said plant, in the event the GOSL is of the view that the blending plant has not been constructed in accordance with the Technical Specifications set out in the Annex A.
5. GOSL reserves the right to inspect construction of the blending plant anytime during its' construction.

Annex A – Technical Specification of the Blending Plant

* Annex A is same as Annex VIII for Lubricant blending plant