



# LP GAS DISTRIBUTORS ASSOCIATION

Registration Number : N (A) 693 Established in : 1998

05<sup>th</sup> September 2021

**Mr. Theshara Jayasinghe**  
**Chairman/Chief Executive Officer**  
**Litro Gas Lanka Limited**  
**267, Union Place**  
**Colombo.**

Dear Sir,

## Restructuring of the LP Gas Industry in Sri Lanka

This letter is to convey our concern on the **threat and the uncertainty** created by the above proposal to restructure the LP Gas industry which is in progress at present.

We have contributed immensely to the industry as the Major stake holder to retain its current position as at present.

As you are aware, majority of our Distributors have been in this business from the time it was known as **Colombo Gas & Water Company**.

We have been the major contributor to ensure the availability of the product to the consumers from the time that a cylinder is filled at the Filling Plant until it reaches the end user.

In the process, we have been adhering to strict guidelines on the **Industry Ethics, Safety of the Public property and the entire safety of the Island from the risk of this highly flammable commodity** which has become an essential energy source to all the urbanized areas in Sri Lanka while managing our businesses with very thin and delicate margins.

We have proven beyond doubt about our **commitment, ability, professionalism and the infrastructure capacity** in ensuring the supplies to the LP gas consuming general public and the other commercial establishments during the recent crisis where the competitor completely stopped their supply.

We as an Association has done our best to make the general public aware of the actual situation through our sales and marketing network in addition to the exposition in the media.

However, we are thoroughly disappointed with this present proposal through a cabinet paper to form a "Special Purpose Vehicle" for the procurement process of LP Gas as the entire process does not show the same **transparency and openness** that has been visible in all the other endeavours of government as per our President's vision "**Vistas of Prosperity**".

### President

Sathyendra Wijayapura  
ESBEE TRADING (PVT) LTD  
Negombo

### Immi. Past President/ Hony. Adviser

Ushan Jayawardena  
JAYAWARDENA AGENCIES  
Anuradhapura

### Vice President

Ananda de Zoysa  
E. B. P. DE ZOYSA & SONS  
Wattala

### Hony. Secretary

Iresh Manchanayake  
MANCHANAYAKE STORES  
Dambulla & Matale

### Hony. Treasurer

Lucian De Alwis  
NADHEESHA ENTERPRISES  
Battaramulla

### Asst. Secretary

Tharaka Somadasa  
DPS Enterprises  
Homagama

### Asst. Treasurer

G.A. Isuru Herath  
RATHNAGIRI & MAHANUWARA  
DISTRIBUTORS.  
Kegalle/Central Hills

### National Organizer

D.P. Somadasa  
DPS Enterprises  
Homagama

### Committee

Aruna Karunanayake  
Technical Services  
Panadura

Sujeewa Hiththattiyage  
Suhada Gas Distributors  
Galle

Kelum Seneviratne  
Santhusha Traders  
Nuwara Eliya

Rajind Perera  
R. K.R. Distributors  
Kurunegala

M. Gunaratnum  
S.V. Murugesu  
Jaffna

Mahinda Panagoda  
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Gas Distributors  
Tittabaddara

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We as an Association, were a key driving force on the initiative of Hon. Mahinda Rajapakse (HE the President then) making the decision in 2010 to acquire 51% stake of the Shell business through Sri Lanka Insurance' investment at the time Royal Dutch Shell Group wanted to divest their investments in Sri Lanka.

We lobbied strongly to the Treasury to ensure that a **specific business model** has to be in place to ensure that it will not be a burden to the National Treasury as a public enterprise.

We are proud that **Litro Gas Lanka Limited settled the entire 63 Million US dollars (51% stake of Shell) to Sri Lanka Insurance within a period of two and half years** as a result of this business model that ensured such financial commitment and discipline.

We are certain that with this proposal, the brand, the customer base and the entire distribution channel that we build during last so many years will be diluted and destroyed in the form of a possible bailout plan to save and salvage the competitor from their financial crisis which was a result of their own corporate decisions.

You are also aware that the Terminal built in Hambanthota by Laughs PLC was mainly to store the LP gas that they wanted to procure and to cater their regional supply needs where they initially invested in Bangladesh.

We have already communicated to the **five members of the cabinet sub-committee** of our opposition to this proposal and further reiterate to you of our opposition to this proposal due to the following key factors.

**1. Loss of Brand**

- The loss of sales due to loss of loyalty to the brand, which is synonymous with confidence and satisfaction.
- Loss of the dealer network built by the Distributor Investment.
- Credit Risk involved in the absence of a strong brand which will lead to higher risk, higher defaults and demand for additional periods.
- Low perception of the consumers which will result in losing confidence on the brand

**2. Loss of Value**

- Opportunity cost of Investment (as the investment is limited to the trade).
- Distributors have fearlessly invested for "Litro" & in view of it's "Business Principles" which lead to distributor confidence (investments exceeds 3 billion).
- Low Return on Investment in comparison to any other trade or business.

**3. Collective Responsibility**

- Distributors never sought subsidy, support or reimbursement during the several periods that we operated with losses
- Always worked as a unique entity with "Litro" in unity as mutual business partners
- Was a strong lobby partner for Litro and the entire industry to augment the use of Gas and the related issues through sales force, media and among the members of the legislature.

**President**

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In conclusion, we kindly request you to ensure that the above proposal will not be implemented and Litro to run on its own dignity as it would destroy the entire Brand, Value, Cost and the business model that we built over the years.

There are several methods that the government can implement to ensure a constant and economical supply of LP gas to Sri Lanka through Litro Gas Lanka Limited and we are hopeful that the relevant officials would explore those avenues without destroying the “**Hen that lay golden eggs**”. We are vehemently against of the decision to enrich the income of a failed business entity through sheer hard work of Litro stake holders.

We also humbly communicate to you with this letter that if there is no remedial action to stop this implementation within a period of 10 days, that we will be reluctantly compelled to take this matter to the general public and to safeguard our interests through suitable legal action.

Thank You.

Yours Faithfully

**For and on Behalf of the members of  
L P Gas Distributors Association**

  
**Sathyendra Wijayapura  
President**

Copies to

1. Dr. P.B Jayasundera- **Secretary to the President**
2. Mr. Gamini Sedara Senarath-**Secretary to the Prime Minister**
3. Mr. S.R.Athygalle-**Secretary to the Treasury**
4. Mr. W.M.D.J. Fernando-**Secretary to the Cabinet of Ministers**
5. Ms. J.M Bhadrani Jayawardena- **Secretary to the Ministry of Trade**
6. Mr. R.M.P.Ratnayake-**Chairperson of the Treasury Committee appointed to Restructure the LP Gas industry**
7. Mr. P.A.S.Athula Kumara-**Director General-Department of Public Enterprises**
8. Mr. Janaka Pathirathna- **Director Sales, Marketing & Corporate Affairs-LGLL**
9. Mrs. Lakmali Hapuaratchchi-**Director Finance- LGLL**
10. Mrs. Mignone Wijesuriya-**Director Human Recourses-LGLL**
11. Mr. Kamalanath Wikramasinghe-**Director Operations & Filling Plant**