



**I & M BANK (T) Limited**  
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Dar es Salaam,  
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Our Ref: IMT/C&CL/020/2020  
Date: 10 JANUARY 2020  
TO: COLOURS & COMPOUNDS LTD  
Company registration number: 58066  
Registered office: DAR ES SALAAM  
Postal address: 5636, Plot 135 Nyerere Road, DAR ES SALAAM  
Telephone number: 0754969999  
Fax number: N/A  
Email: [accounts@colours.co.tz](mailto:accounts@colours.co.tz) and [info@colours.co.tz](mailto:info@colours.co.tz)

Dear Sirs

**RE: Credit Facilities for COLOURS & COMPOUNDS LIMITED**

We refer to our offer letter with reference Number IMT/C&CL/323/2018 dated 25th September 2018, where the Bank had restructured your facility by amalgamating the outstanding balance on the existing term loan facility of USD 2,193,625.00 and converted the existing outstanding Overdraft Facility of USD 1,100,231.00 into a single loan of USD. 3,295,000.00 with a new request of additional term loan of USD. 40,000.00 (towards purchase of machinery) and extension of Letter of Credit cum Bills Avalization Facility to the tune of USD 200,000.00 to the Borrower.

Further to your request we are pleased to advise you (the Borrower) that your application for restructuring of principal payments in your Term Loan facility and renewal of LC/Bills Avalization has been approved by the Bank subject to the availability of funds and subject to your securities hereunder mentioned proving satisfactory and acceptable to us and further subject to creation of all the charges and also to your acceptance and compliance with the following terms and conditions:

**1 Facility and Purpose**

1.1 The principal amount available under the Facility after restructuring shall be as follows:

- i) **USD. 3,257,500.00** (United States Dollars Three Million Two Hundred Fifty Seven Thousand Five Hundred Only) as a Restructured Term Loan Facility.

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on behalf of the Borrower  
COLOURS & COMPOUNDS LTD

Initials .....  
on behalf of the Bank

- ii) **USD. 200,000.00** (United States Dollars Two Hundred Thousand Only) as Letter of Credit/Bills Avalization (being renewed at the existing limit)

1.2 The purpose of the facilities;

- (i) The purpose of restructuring of the term loan facility is to enable the Borrower to align the principal repayments with current cash flows achieved.
- (ii) Letter of Credit/Bills Avalization is to facilitate importation of materials directly from Sabic.

ii) **Security/Guarantee(s)**

1.3 The obligations of the Borrower in respect of the Facility (and all of your other present and future obligations to us) are to be secured/guaranteed by the following Security , such security to be in such form and substance satisfactory as the Bank may determine from time to time:

- i. Existing Legal mortgage over the property on Plot No. 13B, Pugu Road, Industrial Area, Dar es Salaam, vide CT no. 186073/37 in the name of Gassi Holdings Limited.
- ii. Existing Legal mortgage over the property on Plot No. 1385, Msasani, Dar es Salaam, vide CT no. 25601 registered in the name of Plainville Limited.
- iii. Existing Debenture charge over all fixed and floating assets of the Company.
- iv. Existing legal mortgage charge over land located at Michamvi in Unguja – Zanzibar described by the Site Plan 965/2009 vide Comps No. 2890 in the name of Bellrosa Zanzibar Company Ltd
- v. Existing Corporate Guarantee of Property Holders (fresh guarantees to be obtained)
- Gassi Holdings Limited
  - Bellrosa Zanzibar Co. Limited
  - Plainville Limited
- vi. Existing Personal Guarantees issued jointly and severally by the Directors of Colours & Compounds Limited (fresh guarantees to be obtained)
- Paresh Patel
  - Unitt Patel
- vii. Keyman insurance Policy of Mr. Paresh Patel for USD 350,000 (United States Dollars Three Hundred and Fifty Thousand Only).

Any change in the direct or indirect ownership and/or control of the applicant to whom these facilities are accorded or any such change in respect of any surety for the said applicant's indebtedness to the Bank must be advised to I&M Bank (T) Ltd. by the

applicant in writing as soon as the proposed or actual change becomes known to the applicant.

- 1.4 Unless otherwise agreed by the Bank, any security that is presently held by the Bank for other Banking facilities will also serve as security for this Facility and none of your property which is subject to a mortgage or charge in favour of or vested in the Bank shall be redeemed except on payment not only of all money secured by the mortgage or charge but also of all money secured under this Facility.

## 2 Conditions Precedent

- 2.1 The Facility will become available to the Borrower for drawing subject to the availability of funds and only upon receipt by the Bank of the following in form and substance satisfactory to the Bank:

- (i) Payment of the Arrangement Fee (as set out below in section 6.(6.1(i));
- (ii) Copy of this Letter duly executed by the Borrower in unconditional acceptance thereof
- (iii) A resolution of the borrower's board of directors, duly certified by its company secretary or such other duly authorised person acceptable to the Bank:
  - (A) accepting the Facility on the terms and conditions set out in this Letter;
  - (B) authorising the due execution of this Letter;
  - (C) specifying the names of those persons whose instructions (and whether jointly or alone) the Bank is authorised to accept in all matters concerning the Facility, together with confirmed specimen signatures of those persons and each of the persons referred to in (ii) above, if not already known to the Bank;
- (iv) The Security, duly executed together with such other documents relating to the Security and the creation thereof as the Bank may require;
- (v) Evidence that the Bank's interest as loss payee in connection with the proceeds of any insurance has been noted on such insurances as the Borrower is required to maintain in accordance with this Letter and the Borrower will procure such written confirmation from its insurers as the Bank may require; and
- (vi) Properties and Debenture charged to the Bank shall be insured (full value of the exposure with the Bank's interest duly noted. In case the insurance policy is not received by the Bank within the stipulated time the Bank will renew and debit the cost to the Borrower's account.
- (vii) The Borrower shall ensure to route all USD transactions and all their sales revenues through their accounts with us

Initials

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on behalf of the Borrower  
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Initials

  
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on behalf of the Bank

- (viii) The Borrower shall submit Keyman Insurance of USD 350,000 (United States Dollars Three Hundred and Fifty Thousand Only) in the name of Parvesh Patel.
- (ix) The Borrower shall furnish the bank with its quarterly management report within 30-days of the end of respective quarter
- (x) The Borrower will be required to arrange for fresh Valuation report from the Bank's panel of valuers for property on plot no 1385 vide CT No. 25601 Msasani Dar es Salaam in the name of Plainville Limited which is due in June, 2020.
- (xi) The company to ensure the sale of one property is done within the next 12 months to address the shortfall in projected sales which will have negative impact on the company debt serviceability. Sale proceeds from property to be sold by the company shall be used to reduce the exposure with the Bank.
- (xii) The Borrower shall reduce the level of debt through injection of funds into the business or by way of sale of its properties in Dar es Salaam/Zanzibar.
- (xiii) The Borrower shall maintain its DSCR at 1 or above at all times. This is to ensure that the Borrower is in control of meeting its repayment commitments.
- (xiv) The Borrower by accepting this offer letter gives the Bank authority for identifying the buyers of properties and exercise the power of sale of the same and proceeds thereof to be used to reduce its exposure.
- (xv) The Borrower shall be required to build up cash flow deposit for all future avalization to align with the maturities.
- (xvi) The Borrower shall ensure that Directors' withdraws of USD 60,000 per year forecasted in the Company's cash flows are restricted during the loan period to strengthen the ability to meet debt commitments with the Bank, otherwise the Bank shall have a right to increase price by 50 basis points in breach of this covenant.
- (xvii) The Borrower shall submit extracts of the minutes of the meeting of the Board of Directors/ Shareholders resolution of guaranteeing company confirming their acceptance of pledged securities, approving and authorising the execution of security documents.
- (xviii) The Borrower will be required to advise the Bank immediately if there is any change of directors or any other change e.g diversification, shareholding and or business objectives.
- (xix) The Borrower will not be allowed to dispose off/or pledge any fixed/moveable assets and/or any immovable property to create security over any borrowings from other lenders without the Bank's prior consent in writing.
- (xx) The Borrower will not be allowed to raise new funds from other lenders without our prior consent; in case the Company wishes to do so then the Bank's prior express consent has to be obtained.

provided that the Bank may in its sole discretion and in writing waive any of the foregoing requirements either unconditionally or subject to such additional terms and conditions as the Bank may require.

- 2.2 No drawing may be made if, as of the proposed drawdown date, (i) an Event of Default or a Potential Event of Default shall have occurred and shall not have been remedied to the satisfaction of the Bank, or would occur if such drawing were made, or (ii) if the Bank determines that circumstances are such that the Facility shall be cancelled for the time being until further notice.

### 3 Drawdown

- 3.1 Drawdown will not be permitted after the Final Drawdown Date which shall be 120 days after the date of this Letter, unless the Bank in its sole discretion waive this requirement.
- 3.2 Each request by the Borrower for a drawing under the Facility shall be made by the Borrower giving notice to the Bank at least five (5) Business Days prior to the proposed drawdown date (which once given may not be revoked) in the form approved by the Bank, Specifying the drawdown date (being a Business Day on or before the Final Drawdown Date) and the amount required.

### 4 Interest and Commission

#### 4.1 Rate

- (i) The Borrower shall pay interest on the daily outstanding amount of the Loans (as well after as before any demand, judgment, insolvency or liquidation of the Borrower (as the case may be) the following rates, the Restructured Term Loan Facility will be charged at Bank's USD Prime Lending rate **-1% (effective 9%) per annum**.
- (ii) Interest shall be debited to your account with the Bank on each Interest Payment Date being at the end of every month.

#### 4.2 Commission

- (i) Letters of Credit Commission and avalization Charges (exclusive of tax charges) are as below:
- LC issuance + Acceptance charges 0.75% per quarter or part thereof with min of \$300
  - Swift charges at \$100
  - Collection- 0.125% (min \$75) +swift \$50
  - Avalisation -0.75% flat (min \$150)
  - LC amendment min \$200

All charges are exclusive of correspondence bank Charges.

- (ii) Other Bank charges and commissions on various products shall be charged in accordance with the Bank's Tariff published from time to time.

#### 4.3 Interest Accrual

Interest shall accrue from day-to-day (after as well as before judgment) and be calculated on the basis of the actual number of days elapsed and where the Loan is denominated in Shillings, a 365 day year and where it is denominated in a currency other than Shillings, a 360 day year.

#### 4.4 Default Interest Rate

- (i) Any sum (whether in respect of interest, fees, costs or otherwise) which the Borrower fails to pay when due may, at the discretion of the Bank, be treated as if it were part of the Loan for the purposes of paragraph 5 and the Borrower shall pay interest to the Bank at the Default Rate being 5% on all such monies due, such interest to accrue from the date on which such monies became due until actual payment of such monies in full (together with interest). The Borrower acknowledges and agrees that the Default Rate represents a reasonable pre-estimate of the loss to be suffered by the Bank in funding the default of the Borrower.
- (ii) The Borrower agrees that the default interest represents a reasonable pre-estimate of the Bank's losses arising by reason of any default on the part of the Borrower.

#### 4.5 Interest Capitalisation

The Bank may, at its discretion, permit the whole or any part of the interest accruing on the Loan to be capitalised, in which event the amount of any such interest shall be added to the principal amount of the Loan and shall accordingly be debited to the Borrower's loan account on such dates as the Bank may require.

- 4.6 The statement of the Bank as to the rate, mode or amount of interest payable shall, in the absence of manifest error, be conclusive.

- 4.7 The Bank reserves the right to vary the interest rates based on the market conditions and other factors and upon Notification of the revision of the interest rates, if the borrower is not keen to accept the revised interest rate, he may choose to do so, however the facility provided by the Bank, stands withdrawn within 7 days from the date of this communication and he has to arrange to make payment of the entire outstanding within 30 days along with the prepayment fee of 2% on the outstanding amounts as at the date of cancellation of such facility.

### 5 Fees and commission

- 5.1 You shall pay to us by debit to your account with the Bank, consent to such debit is being provided by execution of this letter:
- (i) The Borrower will be charged a **0.25% flat to be paid upfront** on the Term Loan Facility amount as Loan processing and administration charges and the Company will bear any other additional or incidental costs.
  - (ii) The Borrower shall be required to pay Any Non Utilisation Fee at the rate of 5% calculated on a daily basis, from the date falling ninety days after the date of acceptance by the Borrower of the Facility, on the undrawn and uncanceled portion of the Facility. Such Non Utilisation Fee shall be payable quarterly in arrears and on the Final Drawdown Date or (if earlier) the date on which the Facility becomes fully drawn;
  - (iii) All fees for legal documentation including but not limited to legal fees, registration fees, notarization fees, stamp duty, land rent, fees for survey or valuation;
- 5.2 In the event that the Bank at the request of the Borrower undertakes disbursement of the Facility prior to perfection of Securities at pertaining to this application will attract a fee of 2% of the Facility. However, the Bank shall have its sole discretion to permit or not permit any early drawdown prior to perfection of securities.

## 7 Repayment

### 7.1 Time and Amount

Subject to the provisions of this paragraph 4, the Borrower shall repay the Facility at the times and in the amounts as follows:

- i. The Restructured Term Loan facility shall be paid on a step up repayment beginning with monthly principal payment of \$10,000 for the first 12 months from the date of booking as provided under Annexure 1 and overall tenor not to exceed 7 years. Once the Term Loan has been restructured in the system, a firm repayment schedule will be provided to you.
- ii. The Letter of Credit/ Avalization Facility shall be tenable for 12 months up to **31/01/2021**, after which it may be renewed for another period of one year subject, however, to your performance during the first term of the facility and further subject to the consent of both parties. Note that the facility is repayable on demand and can be recalled any time. In case; the company will be planning to renew this facility then all documents required to facilitate the renewal process should be furnished to the bank two (2) months before expiry date.

Furthermore, the overdraft account should reflect pronounced swings, which means more transactions in the account, failure to which would attract surcharge on the outstanding limit amount and at our discretion revocation of the aforementioned facility.

### 7.2 Reduction of Installments

If the whole of the Facility shall not have been drawn down by the Final Drawdown Date and the Loan is to be repaid in installments, the repayment installments specified in this Letter under paragraph 7.1 above shall, if not otherwise agreed with the Borrower before the Final Drawdown Date, be reviewed by the Bank in its sole discretion.

### 7.3 Review of Installments

If the Bank agrees that interest on the Loan is to be capitalized and debited to the Borrower's relevant loan account or if the basis on which interest on the Loan is calculated changes in accordance with paragraph 5, the amounts and payment dates of the repayment installments specified in this Letter will be reviewed by the Bank and the Bank will advise the Borrower of any variation to the repayment installments and the Borrower shall be bound to repay the Loan in such installments.

## 8 Prepayment and cancellation

### 8.1 Prepayment

The Borrower may at any time prepay all or any part of the Loan, together with:

- i. interest accrued to the date of prepayment on the amount prepaid, if required by the Bank; and
- ii. the amount (if any) payable in accordance with paragraph 8.3 below, on giving not less than seven days' prior notice to the Bank (which shall be irrevocable).

### 8.2 Application

Any amount prepaid pursuant to paragraph 8.1 above shall satisfy, to the extent of such prepayment, the Borrower's obligations under paragraph 5 above and such amount shall be applied so as to reduce those obligations in reverse order. Any amount prepaid may not be redrawn.

### 8.3 Prepayment fee

The Prepayment Fee being 2% of the amount being prepaid is payable on the date of and together with each prepayment, or such other amount as the Bank may require in its discretion to take account of the early prepayment of the Facility.

### 8.4 Cancellation

The Borrower shall be entitled to cancel the whole or any part of the undrawn Facility by giving not less than seven (7) days' prior notice in writing to the Bank (which notice once given shall be irrevocable), whereupon the amount of the Facility shall be reduced accordingly; and the Bank shall be entitled to cancel the whole or any part of the undrawn Facility forthwith if the Bank determines that circumstances are such that the Facility shall be cancelled for the time being until further notice.

## 9 Payments

### 9.1 No Withholding, grossing up

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on behalf of the Borrower  
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on behalf of the Bank

All payments by the Borrower under the Facility, whether of principal, interest, fees, costs or otherwise, shall be made in full in immediately available funds, without set-off or counterclaim and free and clear of any deduction or withholding on account of tax or otherwise. If the Borrower is required by law to make any deduction or withholding from any payment due under this Letter, the sum due from the Borrower in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Bank receives a net sum equal to the sum which it would have received had no such deduction or withholding been required.

#### 9.2 Debits

Without prejudice to paragraph 5.4 above, the Bank may, at its discretion, debit any sums (whether in respect of principal, interest, fees, costs, or otherwise) due from the Borrower to the Bank under the Facility to any account of the Borrower with the Bank, notwithstanding that any such debit may result in a debit balance or an increased debit balance on the relevant account.

#### 9.3 Adjustment of Dates

The Bank shall be entitled to adjust the dates for the making of payments under the Facility, and the duration of Interest Periods, where in the Bank's opinion it is necessary to do so in order to comply with the law or practice from time to time in Tanzania for the purposes of the Facility.

#### 9.4 Value Added Tax

All sums payable by the Borrower (excluding Interest payment) to the Bank in connection with the Facility shall be paid together with any VAT that may be payable on such sums, at the rate then required by law.

### 10 Representations and Warranties

10.1 By accepting the Facility, the Borrower represents and warrants that:

i. Power and Authority

The Borrower is legally empowered to borrow the full amount of the Facility on the terms set out in this Letter and has taken all necessary action to authorise the acceptance of the Facility and the performance of its obligations under this Letter, the Security and any other documents to be entered into by it in connection with the Facility and there is no legal or other restriction whatsoever on its ability to perform its obligations under this Letter;

ii. Power of Guarantors

Any person named in this Letter as the provider of the Security or any part of the Security is legally empowered to give the Security;

iii. Consents

Every consent, authorisation or approval of governmental or public bodies or authorities required in connection with the execution, delivery, validity or enforceability of this Letter or the performance by the Borrower of its obligations hereunder or required to make this Letter admissible in evidence has, where applicable, been obtained and is in full force and effect;

iv. No Conflict

Neither the acceptance of this Letter by the Borrower nor the performance or observance of any of the Borrower's obligations under this Letter conflict with, or result in, any breach of any law, statute, regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which the Borrower is bound or cause, where applicable, any limitation on any of the powers whatsoever of the Borrower howsoever imposed or on the right or ability of the Borrower to exercise such powers to be exceeded;

v. Information

All information submitted by the Borrower to the Bank, inter alia, on its financial position, net worth, details of indebtedness, presents accurately its state of affairs and the financial position of the Borrower as at such date;

vi. No Change

There has been no material adverse change in the financial position of the Borrower from that set forth in the application requesting the Bank for the Facility and in the annexures thereto (if any); and

vii. No Default

No Event of Default or Potential Event of Default has occurred and is continuing.

viii. No Litigation

That the Borrower is not party to any litigation of a material character and is not aware of any facts likely to give rise to such litigation or to material claim against the Borrower

Further, no suite is pending in court of law in respect of any of the properties offered by the Borrower as security to the Bank nor has the Borrower been or is being served with any notice for infringing the provision of any Act, subsidiary legislation or By Law of any local Authority.

## 10.2 Repetition

The foregoing representations and warranties shall be deemed to be repeated on the date of the first drawing under the Facility and on each day thereafter, by reference to the circumstances then existing.

## 11 Information

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on behalf of the Borrower  
COLOURS & COMPOUNDS LTD

Initials .....  
on behalf of the Bank

11.1 The Borrower shall as part of its continuous obligations provide the Bank with:

i. Audited Accounts

Certified copies of the annual audited accounts of the Borrower (or, if the Borrower is not required by law to produce audited accounts, unaudited accounts certified by its accountants), including a balance sheet and profit and loss account (or, if the Borrower is a trustee, income and expenditure accounts) both individual and consolidated if the Borrower has Subsidiaries in each case as soon as they are available and no later than within **120** days from the end of each of the financial year of the Borrower;

ii. Management Accounts

Certified copies of the quarterly **unaudited management accounts**, including a balance sheet, profit and loss statement, both individual and consolidated if the Borrower has Subsidiaries as soon as they are available and in any case within **45** days from the end of the period to which they relate.

iii. Annual Returns

Certified copies of the Annual Returns filed with the Registrar of Companies in accordance with the Companies Act within 30 days from the date they are due and filed.

iv. Other Information

any other information which the Bank may request from time to time.

11.2 Such accounts and other information prepared using accounting bases, policies, practices and procedures consistent in all material respects with those applied by the Borrower prior to the date hereof and in accordance with generally accepted accounting principles applied in Tanzania and any audit shall be carried out by the Auditors.

**12 General Undertakings**

While any part of the Loan is outstanding or the Facility remains available for drawing, the Borrower covenants for itself and in connection with any other Relevant Party covenants to procure that unless the Bank in its sole discretion otherwise agrees in writing:

i. Pari Passu Ranking

The obligations of the Borrower in respect of the Facility shall at all times rank at least pari passu with all of the Borrower's other present and future unsecured obligations.

ii. Negative Pledge

No Relevant Party shall create or permit to subsist (other than in favour of the Bank) any Encumbrance without obtaining the prior written consent of the Bank.

iii. Disposals

No Relevant Party shall sell, transfer or otherwise dispose of the whole or any substantial part of its undertaking, property, assets or revenues, whether by a single transaction or a number of transactions (other than in the ordinary course of trading).

iv. Change of Business

No Relevant Party shall make any material change in the scope or nature of its business.

v. Insurance

- (a) Each Relevant Party shall maintain adequate insurance in relation to all its business and assets (and in particular in respect of any properties forming part of the Security) with reputable insurance companies against risks usually insured by persons carrying on a business such as that carried on by such Relevant Party and such other risks as the Bank may from time to time reasonably require.
- (b) The Borrower shall ensure that such insurances as any Relevant Party is required to maintain in accordance with this Letter is valued by the Bank's approved valuers from time to time until such time the Bank discharges the Security.
- (c) The Bank may, in the event that such insurances as any Relevant Party is required to maintain are not promptly taken out or maintained, procure the same and shall debit the relevant charges to the Borrower's account.

vi. Litigation

The Borrower shall, immediately upon becoming aware of it, notify the Bank of any material litigation, arbitration or administrative proceeding pending or, to the best of its knowledge, information and belief, threatened against any Relevant Party.

vii. Notification of Event of Default

The Borrower shall immediately upon becoming aware of it, notify the Bank of the occurrence of any Event of Default or Potential Event of Default (and the steps, if any, being taken to remedy it).

viii. Compliance with Applicable Laws and licensing requirements

- (a) Each Relevant Party shall comply with and observe all the provisions of the applicable legislation and shall obtain, comply with and promptly renew and maintain all consents, licences, approvals, rights, powers, privileges, concessions, franchises and authorizations (if any) required under any applicable law or regulation to enable such Relevant Party to carry on its business and to perform its obligations under this Letter or under the Security (as the case may be) or to ensure the legality, validity and enforceability of this Letter and the Security.
- (b) The Bank may, in the event that such provisions as any Relevant Party is required to comply with and observe are not promptly complied with and observed (such as the payment of land rent), procure the same and shall debit the relevant charges to the Borrower's account.

ix. Cross defaults

Each Relevant Party shall comply with and observe at all times all the covenants, agreements, stipulations and conditions contained in this Letter and the Security and by which such Relevant Party is bound as well as in any other security created in favour of the Bank or in any letter or correspondence exchanged with the Bank and not without the consent of the Bank vary or waive any of the terms thereof.

x. Conduct of its business

Each Relevant Party shall conduct its business in a proper, efficient and business-like manner in conformity with sound management and financial practices.

xi. Valuation

- (a) If so requested by the Bank, the Borrower undertakes to submit, at least once in every three (3) years, valuation reports carried out by a valuer approved by the Bank in respect of any properties forming part of the Security. Without prejudice to the foregoing, the Bank may, if the circumstances so warrant (the determination of which will be at the Bank's sole discretion), request the Borrower to carry out any such valuation sooner than required.
- (b) The Bank may, in the event that a valuation is not promptly carried out, procure the same and shall debit the relevant charges to the Borrower's account.

xii. Change of Capital Structure

If the Borrower is a company, the Borrower will not, without the written consent of the Bank, change its capital structure and procure that its directors will not without such consent permit any transfer of the shares in the Borrower.

xiii. Material Changes

The Borrower shall advise the Bank immediately of any material or major changes, events or happenings in relation to any Relevant Party that may affect the Borrower's operations or its ability to repay the Facility or may affect the Security.

xiv. **Change in Partnership**

If the Borrower is a partnership, the Borrower shall immediately notify the Bank of any change in the membership of the partnership and whenever possible such notification shall be given in advance of such change.

xv. **Change of Trustee**

If the Borrower comprises one or more trustees, the Borrower shall give to the Bank not less than twenty-eight (28) days prior notice of the proposed retirement of any trustee or the appointment of any new trustee (which shall not be effected without the prior written consent of the Bank) and shall immediately notify the Bank upon the death of any trustee or the dissolution of any firm or corporation acting as trustee.

xvi. **Environmental And Social Management**

The Borrower undertakes to ensure that it observes and perform all environmental laws (including without limitation the provisions of the Environmental Management Act (EMA), 2004 and the Occupational Health and Safety Act, 2003) the regulations, directions, and codes of practice and all covenants and stipulations from time to time and to diligently designs, constructs, operates, maintains and monitors all of its plants, sites and equipment in a safe, efficient and business-like manner.

Further the Borrower undertake not to perform any of the following activities

- i) Production or trade in any product or activity deemed illegal under Tanzania laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls, a group of highly toxic chemicals, wildlife or products regulated under Convention on International Trade in Endangered Species or Wild Fauna and Flora.
- ii) Production or trade in weapons and munitions. This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- iii) Production or trade in alcoholic beverages (excluding beer and wine). This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- iv) Production or trade in tobacco. This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.

- v) Gambling, casinos and equivalent enterprises. This does not apply to businesses which are not substantially involved in these activities i.e. the activity concerned is ancillary to the business's primary operations.
- vi) Any business relating to pornography or prostitution.
- vii) Production or trade in radioactive materials.
- viii) Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- ix) Drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length.
- x) Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- xi) Commercial logging operations for use in primary tropical moist forest.
- xii) Production or trade in wood or other forestry products other than from sustainably managed forests.
- xiii) Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- xiv) Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous peoples, without full documented consent of such peoples.
- xv) Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
- xvi) Any activity involving significant alteration, damage or removal of way critical cultural heritage.
- xvii) Production and distribution of racist, anti-democratic and/or neo-nazi media or media with the intent to discriminate part of the population.
- xviii) Exploitation of diamond mines, and commercialization of diamonds, when the host country has not adhered to the Kimberley 12, or other similar international agreements (actual or to be formed), on similar extractive resources.
- xix) Any sector or service subject to United Nations, European Union embargo without limitation.

The Borrower shall notify promptly the Bank of any event(s) concerning the environment or occupational health and safety or social issues.

### 13 Events of Default

In the event of:

i. Payment Default

Failure by the Borrower to make any repayment of principal, or payment of interest or other sum, under this Letter on its due date; and/or

ii. Other Breaches

A breach by the Relevant Party in the performance of any other obligation, covenant or undertaking under or in connection with the Facility or the Security (and in particular in respect of any properties forming part of the Security); and/or

iii. Cross Default

Any indebtedness of any Relevant Party becoming immediately due and payable, or capable of being declared immediately due and payable prior to its stated maturity by reason of the occurrence of any event of default (howsoever described), or any Relevant Party failing to discharge any indebtedness on its due date; and/or

iv. Misrepresentation

Any representation or warranty made, or any information provided, by any Relevant Party in connection with the Facility or the Security being incorrect in any material respect when made or repeated or provided; and/or

v. Winding-up

A petition being presented, an order being made or an effective resolution being passed for winding up any Relevant Party (except for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Bank) or where a Relevant Party becomes insolvent or unable to pay its debts or enters into dealings with any of its creditors with a view to avoiding or in expectation of insolvency or stops or threatens to stop payments generally; and/or

vi. Appointment of Liquidator

An encumbrancer taking possession or a liquidator, provisional liquidator, receiver, trustee, sequestrator or similar person or entity being appointed in respect of all or any of the assets of any Relevant Party; and/or

vii. Legal Process

A distress, execution, attachment or other legal process being levied, enforced or issued against any of the assets of any Relevant Party which is not discharged or paid within seven (7) days of such levy; and/or

viii. Suspension of Payments

Any Relevant Party suspending payment of its debts or being unable to pay its debts as they fall due or being deemed, under Section 280 of the Companies Act 2002, to be unable to pay its debts; and/or

ix. Rescheduling of Debts

Any Relevant Party proposing or entering into a voluntary arrangement or taking or being subjected to any proceedings under any law, or commencing negotiations with one or more of its creditors, for the readjustment, rescheduling or deferment of all or a material part of its debts, or proposing or entering into any general assignment or composition with or for the benefit of its creditors; and/or

x. Cessation of Consents; Invalidity

The cessation or revocation for any reason of any consent, authorisation, licence and/or exemption which is required to enable any Relevant Party to carry on all or any material part of its business, or to ensure that the terms of this Letter or the Security are valid, binding and enforceable, or it becoming unlawful for any Relevant Party to perform all or any of its obligations under this Letter or the Security or any such document not being or ceasing to be legal, valid and binding on it; and/or

xi. Termination of Guarantee

Any guarantor giving or purporting to give notice to terminate its liabilities under any guarantee issued in connection with the Facility; and/or

xii. Material and Adverse Change

There being an adverse change in the financial or trading position or prospects of any Relevant Party which, in the Bank's opinion, is material; and/or

xiii. Change of Control

If the Borrower is a company, beneficial ownership of the Borrower passing or having passed to any person or persons, acting either individually or in concert, who did not have beneficial ownership of the Borrower at the date of this Letter; and/or

xiv. Illegality

If it becomes unlawful for any Relevant Party to perform all or any of its obligations under this Letter or the Security; and/or

xv. Title to charged assets

If the title to any property forming part of the Security shall for any reason be encumbered or terminated or threatened or if any Encumbrance whatsoever or notification by virtue of any order, process, decree or notice (including a charge or

notification of charge) is registered against such titles without the consent of the Bank in writing; and/or

xvi. Change in Partnership

If a Relevant Party is a partnership, upon the occurrence of a change in the partnership; and/or

xvii. Change of Trustee

If the Borrower comprises one or more trustees, any trustee ceases to act as such or any new trustee being appointed, then, in any such case:

- (a) the Bank's commitment to advance any undrawn balance of the Facility shall cease and the whole amount of the outstanding Loan and all accrued interest and other amounts owing under this Letter shall become repayable forthwith on demand in writing being made by the Bank at any time; and
- (b) the Bank may by notice to the Relevant Party in writing declare that the Security has become enforceable whereupon the Bank shall be entitled to exercise its rights under the Security.

#### 14 Costs and Expenses

14.1 The Borrower shall reimburse the Bank on demand and on a full indemnity basis (whether or not the Facility is drawn down in whole or in part) all valuation and legal fees and other costs and out of pocket expenses (including stamp duties and VAT or similar tax or withholding) incurred by the Bank in connection with the negotiation, preparation and execution of this Letter, the creation or any revaluation of the Security, any amendment or extension of and granting of any waiver or consent or the enforcement or preservation by the Bank of its rights under this Letter or the Security or in the payment of charges, fees, levies, etc due and payable by the Borrower but which the Borrower fails or neglects to pay on the due date or otherwise in respect of any monies owing under or in respect of the Facility.

14.2 The Bank may, in the event that any such reimbursement is not promptly carried out, debit the relevant amount to the Borrower's account.

#### 15 Change of Circumstances

The Bank reserves the right to review the terms of the Facility including but not limited to the right to demand immediate payment of any amounts outstanding in respect of the Facility:

i. Increased Costs

in the event of any change in applicable law or regulation or the existing requirements of, or new requirements being imposed by, the Central Bank of Tanzania or any governmental, fiscal, monetary, regulatory or other authority (whether or not having the force of law) the result of which, in the sole opinion of

the Bank, is to increase the cost to the Bank of funding, maintaining or making available the Loan (or any undrawn amount of thereof) or to reduce the effective return to the Bank; and

ii. Illegality or Impossibility

if it is or becomes unlawful or impossible for the Bank to give effect to its obligations under this Letter or to fund or maintain the Facility or any of the obligations expressed as being assumed by any Relevant Party under this Letter or the Security ceases to be valid, legal and binding and enforceable against such Relevant Party in accordance with the terms thereof.

## 16 Indemnities

### 16.1 General

i. The Borrower shall indemnify the Bank on demand (without prejudice to the Bank's other rights) for any cost, expense, loss or liability sustained or incurred by the Bank by reason or as a consequence of:

- (a) any amount of the Facility not being drawn down for any reason after the Borrower has requested drawdown of such amount.
- (b) any default or delay by the Borrower in the payment of any amount when due;
- (c) the occurrence or continuance of any Event of Default or Potential Event of Default;
- (d) where relevant, all or part of the Loan being prepaid or becoming repayable otherwise than on the last day of the then current Interest Period.

### 16.2 Losses Covered

Without derogating from the generality of paragraph 16.1 above, the indemnity contained in that paragraph shall extend to any loss, expense or liability sustained or incurred by the Bank in liquidating or re-deploying funds acquired or committed to make, fund or maintain the Facility or the Loan or any part thereof, or in liquidating or varying transactions entered into by the Bank in order to match, hedge or fund the Facility or the Loan or any part thereof and shall also extend to interest, fees, costs and expenses paid or payable by the Bank on account of any funds borrowed by the Bank in order to fund any unpaid amount arising as a result of non-payment by the Borrower of any amount due from it under this Letter.

### 16.3 Calculations

In calculating amounts payable under paragraphs 16.1 and 16.2 above, the Bank may in its discretion:

- i. make or attempt to make arrangements from time to time such as hedging or swap arrangements to ensure the payment to it of all or part of the sums contemplated by this Letter or the financial equivalent;
- ii. refer from time to time to any agreement or agreements to which it is a party, providing for transactions which are substantially the reverse of or hedge or fund in whole or in part the transactions contemplated in this Letter; and
- iii. take reasonable steps to make arrangements to avoid, mitigate or reduce the losses or the risk of losses which would or which, in the opinion of the Bank, might otherwise arise from termination of any such arrangements and losses arising from any of them shall be treated as losses incurred as a result of the matters referred to in paragraphs 16.1 and 16.2 above after taking into account, as far as appropriate, the discharge or reduction of the obligations of the Bank and such other factors as the Bank shall reasonably determine to be relevant.

#### 16.4 Currency Indemnity

If for any reason, any amount payable by the Borrower under this Letter is paid or recovered in a currency (the "other currency") other than that in which it is required to be paid (the "contractual currency"), then to the extent that the payment to the Bank (when converted at the then published rate of exchange of the Bank for purchasing the contractual currency with the other currency) falls short of the amount unpaid, the Borrower shall, as a separate and independent obligation, fully indemnify the Bank on demand against the amount of the shortfall.

#### 17 Notifications Binding

All notifications or determinations (including, without limitation, any determination of an amount payable pursuant to this Letter) given or made by the Bank shall be conclusive and binding on the Borrower, except in the case of manifest error.

#### 18 Assignment

The Borrower shall not assign or transfer any of its rights and/or obligations in respect of the Facility. The Bank may assign or transfer all or any of its rights and/or obligations in respect of the Facility, in whole or in part, to any person or persons.

#### 19 Set-Off

The Bank may, at any time without notice or demand to the Borrower and notwithstanding any settlement of account or other matter whatsoever, combine or consolidate all or any then existing accounts of the Borrower with the Bank (including accounts in the name of the Bank) whether current, deposit, loan or of any other nature whatsoever, whether subject to notice or not and in whatever currency denominated and whether alone or jointly held with others and wherever situated and set off or transfer any sums standing to the credit of any one or more such accounts in or towards satisfaction of any obligations and liabilities to the Bank of the Borrower (whether such

liabilities be present, future, actual, contingent, primary, collateral, joint or several). The Borrower expressly waives any right of set-off that the Borrower may have, so far as is permitted by law, in respect of any claim which it may now or at any time hereafter have against the Bank.

## 20 Remedies & Waivers

No delay or omission on the part of the Bank in exercising any right or power in respect of the Facility shall impair such right or power and any single or partial exercise shall not preclude any other or further exercise of any such right or power or the exercise of any other right or power and the Borrower expressly agrees and covenants with the Bank that the Borrower shall not plead limitation under the Law of Limitation Act (Cap 89) or any other similar enactment. The rights and remedies of the Bank in respect of the Facility are cumulative and not exclusive of any right or remedy provided by law.

## 21 Confidential Information

The Bank may disclose data and/or information relating to any Relevant Party:

- i. for fraud prevention purposes;
- ii. to licensed credit reference agencies or any other creditor upon execution of this letter and the Borrower agrees that such information may be used by other banks or institutions in assessing credit applications and for debt tracing;
- iii. to the Bank's external lawyers, auditors and sub-contractors or other persons acting as agents of the Bank;
- iv. to any person who may assume the rights of the Bank under this Letter and/or the Security;
- v. if the Bank has a right or duty to disclose or is permitted or compelled to do so by law; and
- vi. for purposes of exercising any power, remedy, right, authority or discretion relevant to this Letter or the Security following the occurrence of an event of Default,
- vii. and the Borrower agrees that the disclosure of information set out above does not violate any duty that may be owed by the Bank to the Borrower.

## 22 Severability

Each of the provisions of this Letter is severable and distinct from the others and if at any time one or more of such provisions is or become invalid, illegal or unenforceable the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby and the Borrower shall cooperate with the Bank in substitution of new provisions in compliance with the intention contained in this Letter.

**23 Appointment of Attorney**

The Borrower hereby irrevocably appoints the Bank to be the Attorney of the Borrower and in the name and on behalf of the Borrower to execute and do any assurances, acts and things which the Borrower ought to execute and do under the covenants and agreements contained in this Letter.

**24 Conflicts**

In the event that there is a conflict between the covenants, agreements, conditions, restrictions, stipulations and provisions contained in the Security and those contained in this Letter, those contained in this Letter will prevail.

**25 Notices**

25.1 Every notice, request or other communication shall:

- i. be in writing delivered personally or by registered post or facsimile transmission;
- ii. be deemed to have been received by the Borrower when delivered personally or in the case of a notice sent by registered post seven (7) days after it has been sent or, in the case of a facsimile transmission, at the time of transmission (provided that if the date of transmission is not a Business Day it shall be deemed to have been received at the opening of business on the next Business Day); and
- iii. be sent:
  - (a) to the Borrower at its address specified in this Letter; and
  - (b) to the Bank at its branch address shown in this Letter,

or to such other address in Tanzania as may be notified in writing by one party to the other.

25.2 All communications to the Bank shall be effective only on actual receipt by the Bank

**26 Law**

This Letter and the agreement constituted by the Borrower's acceptance of the Facility shall each be governed by and construed in accordance with the laws of United Republic of Tanzania. However, nothing in this paragraph 26 shall limit the right of the Bank to take proceedings against the Borrower or any Relevant Party in any other court of competent jurisdiction, nor shall the taking of proceedings at one or more jurisdictions preclude the taking of proceedings in another jurisdiction, whether concurrently or not.

**27 Acceptance**

27.1 The Bank recommends that you seek independent legal advice on the terms of this Letter to help you to fully understand what the Facility involves and the potential consequences and implications for you of agreeing to its terms.

27.2 Kindly signify your acceptance of the offer contained in this Letter by signing, initialling each page and returning to us the duplicate within thirty (30) days from the date of this Letter, together with a resolution from the Borrower's board of directors certified by the chairman and/or the company secretary:

- (i) Accepting the terms and conditions of this Letter as stated;
- (ii) Authorising the execution of this Letter and each security to which it is a party;
- (iii) Authorising a specified person or persons to sign all notices and communications in respect of the Facility; and
- (iv) Authorising the Bank to accept instructions and confirmations in connection with the Facility signed in accordance with the mandate given by the Borrower to the Bank.

**27.3 Customer Consent Clause**

In terms of the provisions of the Banking and Financial Institutions Act, 2006 as amended, you agree and authorize the bank to:

- (i) make inquiries from any bank, financial institution or approved Credit Reference Bureau in Tanzania to confirm any information provided by yourself.
- (ii) seek information from any bank, financial institution or approved Credit Reference Bureau when assessing you at any time during the existence of your account.
- (iii) disclose to approved Credit Reference Bureau information relating to the account maintained with I&M Bank (T) Limited.

**27.4. Existing Liability:**

The borrower and the Guarantors hereby acknowledge that the borrower is indebted to the Bank as of the close of business on the 09<sup>th</sup> January, 2020 as follows.

Type of Facility	Present Limit	Outstanding Liability
Letter of Credit/Bill Avaluation	USD. 200,000.00	USD. 49,500
Term Loan	USD. 3,257,500.00	USD. 3,241,852.76

**Acceptance of offer:**

The above offer is open for acceptance for a period of 30 days from the date of this letter. If this offer is not accepted within the time stipulated, it will be deemed to have been withdrawn.

Kindly signify your acceptance of the foregoing terms and conditions by signing and returning to us the duplicate copy of this letter.

Thanking You,

For and on behalf of  
**I&M Bank (T) Ltd**



**KRISHNAN RAMACHANDRAN**  
HEAD OF CORPORATE BANKING



**CLEMENT KAGOYE**  
HEAD OF CREDIT

**ACCEPTANCE OF OFFER**

We, **COLOURS & COMPOUNDS LTD**, HEREBY ACCEPT THE TERMS AND CONDITIONS OF THE LETTER OF OFFER AS SET OUT ABOVE.

For and on behalf of  
**COLOURS & COMPOUNDS LTD**

Signature : 

Name : Paresh Patel

SEAL

Qualification : **DIRECTOR**

Date :  20/11/2020

Signature : 

Name : Chiraj Patel

Qualification : **DIRECTOR**

Date : 20/11/2020

**GUARANTORS**

**SIGNED and DELIVERED** by the said  
**PARESH PATEL** who is known to me

personally / identified to me by \_\_\_\_\_ at  
Dar es Salaam this \_\_\_\_\_ day of \_\_\_\_\_ 2020,

\_\_\_\_\_  
**SIGNATURE**

Signature \_\_\_\_\_

\_\_\_\_\_  
**STAMP**

Postal Address : **P. O. BOX No.** \_\_\_\_\_

: **DAR ES SALAAM.**

Qualification : **ADVOCATE /NOTARY PUBLIC AND COMMISSIONER FOR OATHS**

**SIGNED and DELIVERED** by the said  
**UNITT PATEL** who is known to me

personally / identified to me by \_\_\_\_\_ at  
Dar es Salaam this \_\_\_\_\_ day of \_\_\_\_\_ 2020,

\_\_\_\_\_  
**SIGNATURE**

Signature \_\_\_\_\_

\_\_\_\_\_  
**STAMP**

Postal Address : **P. O. BOX No.** \_\_\_\_\_

: **DAR ES SALAAM.**

Qualification : **ADVOCATE /NOTARY PUBLIC AND COMMISSIONER FOR OATHS**

For and on behalf of

PLAINVILLE LIMITED (Guarantor)

Signature :



Name :

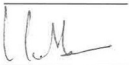
Pankaj Patil

SEAL

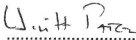
Qualification :

DIRECTOR

Date :



Signature :



Name :

Udit Patil

Qualification :

DIRECTOR

Date :

\_\_\_\_\_

For and on behalf of

GASSI HOLDINGS LIMITED (Guarantor)

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Qualification : \_\_\_\_\_

Date : \_\_\_\_\_

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Qualification : \_\_\_\_\_

Date : \_\_\_\_\_

SEAL

For and on behalf of

BELLROSA ZANZIBAR COMPANY LIMITED (Guarantor)

Signature :



Name :

RAZAM PATEL

SEAL

Qualification :

DIRECTOR

Date :

\_\_\_\_\_

Signature :



Name :

CHIEF. PATEL

Qualification :

DIRECTOR

Date :

\_\_\_\_\_

O;

