



Barclays Bank Tanzania Limited
Barclays House, Ohio Street
P.O.Box 5137
Dar es Salaam
Tanzania
Tel: +255 22 2136970 / 1
Fax: +255 22 2129750

14th June 2019

The Directors,
Kamal Steels Limited,
Plot No. 188/2, Chang'ombe Road,
P. O. Box 10392,
Dar es Salaam,
Tanzania

Dear Sirs

Term Loan Commercial Terms

Barclays Bank Tanzania Limited (the Bank) is pleased to offer the Borrower (defined below) a term loan facility (the Facility). The terms of the Facility are contained in this document (the Commercial Terms) and the Standard Terms delivered with the Commercial Terms (together, upon acceptance by the Borrower, the Facility Agreement). Capitalised terms not defined in these Commercial Terms shall have the meaning as defined in the Standard Terms.

Borrower: Kamal Steels Limited, a liability company incorporated in the United Republic of Tanzania, United Republic of under registration number 48042.

Guarantor(s): Gagan Santosh Gupta,
Plot No. 188/2, Chang'ombe Road,
P. O. Box 10392,
Dar es Salaam,

Satyam Swatantra Mohan Gupta,
Plot No. 188/2, Chang'ombe Road,
P. O. Box 10392,
Dar es Salaam,

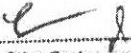
Sameer Santosh Gupta,
Plot No. 188/2, Chang'ombe Road,
P. O. Box 10392,
Dar es Salaam,

Kamal Alloys Limited,
Plot No. 188/2, Chang'ombe Road,
P. O. Box 10392,
Dar es Salaam,

Facility Amount: TZS 1,983,400,000.00

Purpose: To finance purchasing of Converter Machinery.

Availability Period: The date falling 6 months after the date of the Facility Agreement

Initials: 
On behalf of the Customer
Term Loan Commercial Terms v1.2018

Bank: 

Directors: Simon Chingilile Mponji* (Ag Chairman), Abdi Mohamud Mohamed** (Managing Director), Dr Suleiman Rashid Mohamed*, Fatma Amani Karume*,
Nina Pendaeli Eshun*, Richard Joseph Magongo*, Obedi Solomon Laiser* (Director, Finance), Farija Pendo Ghikas* (Company Secretary)
[Tanzanian*, Kenyan**]

Interest Period: The Interest Period for each Loan shall be 1 month.

Interest: The rate of interest on each Loan for each Interest Period is 18 percent per annum fixed

Margin: Not Applicable.

Benchmark Rate: Not Applicable

Default Rate: 31 percent per annum.

Payment of Interest: Interest shall be paid by debit to the Borrower's current account maintained by the Bank

Capital Repayment Instalments: 36 instalments of TZS 55,094,444.44 payable monthly commencing 1 month after the first Drawdown of the Facility.

Final Repayment Date: The date falling 36 months after the date of first Drawdown of the Facility.

Fees: Arrangement Fee: 0.5 percent of the facility Amount which is payable upon acceptance of the Facility Agreement.

Management Fee: 0.5 percent of the outstanding balance which is payable each year in advance will be debited to the Borrower's account with the Bank on the Bank's usual charging dates (or on such other agreed dates).

Prepayment Fee: There is no Prepayment Fee.

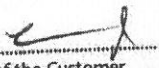
Costs and Expenses: The Borrower shall promptly on demand pay to the Bank the amount of any costs and expenses, including legal fees, incurred in relation to the Security Documents and the legal opinion to be provided by the Borrower in accordance with Clause 15 (Costs and Expenses) of the Standard Terms.

Original Financial Statements: Financial statements of the Borrower for the financial year ended 31 December 2017.

Financial Statements: The Borrower will provide the Bank with:

(i) Audited financial statements including a balance sheet and profit and loss account, as soon as they are available and not later than 180 days from the end of each of its financial years

(ii) Copies of its unaudited Quarterly management accounts including a balance sheet and profit and loss account, age wise list of debtors & creditors as soon as they are available and not later than 45 days from the end of the period to which they relate

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(iv) Copies of the ageing analysis of stocks and debtors information to be submitted quarterly not later than 45 days from the end of the period to which the information relates.

Additional Information:

The Borrower will

LAND RATES AND LAND RENT: Submit to the Bank proof of payment for land rates and land rent payable to the Ministry of Lands by no later than 31 July of each year for the land subject to the Security created in favour of the Bank. If the Borrower fails to submit the proof of payment, the Bank may pay the rent at the Borrowers expense.

Financial Covenants:

The following financial covenants shall be maintained in accordance with Clause 18 (Financial Covenants) of the Standard Terms by reference to the financial information of the Borrower

Interest Cover: EBITDA for each Relevant Period shall be equal to 1.8 times Net Interest for such Relevant Period

Net Tangible Assets: Net Tangible Assets shall at all times exceed TZS 20,400,000,000.00

Debt to Earnings: Net Debt at the end of each Relevant Period shall not exceed 3.3 times of EBITDA for such Relevant Period.

Debt Service Cover

The ratio of Free Cash Flow to Debt Service shall be equal to 1.2 times on a 12 month rolling basis.

Relevant Period:

Each period of 12 months ending on the last day of a financial year of the Borrower

Testing:

The Financial Covenants shall be tested first by reference to unaudited half- yearly management accounts of the Borrower by reference to the audited financial statements of the Borrower each as delivered in accordance with Clause 17 (Information Undertakings) of the Standard Terms

Existing Security:

The security listed in Part A of Schedule 1 to the Commercial Terms.

New Security:

The security listed in Part B of Schedule 1 to the Commercial Terms.

Conditions Precedent:

The conditions precedent listed in Schedule 2 to the Commercial Terms.


Special Conditions:

INSURANCE: The Borrower shall renew the insurance policies provided to the Bank in accordance with the Additional Conditions Precedent. If the Borrower fails to submit the proof of renewal to the Bank, the Bank may renew the policies at the

Initials: 

On behalf of the Customer

Term Loan Commercial Terms v1.2018

Bank: 

Borrowers expense during the term of the Facility

PAYMENT OF REVENUES TO THE BANK: The Borrower shall ensure that not less than 25 per cent of its revenues shall be paid into an account in the name of the Borrower with the Bank.

SUBORDINATION: A subordination agreement in form and substance satisfactory to the Bank executed by the Borrower, All Shareholders and Inter-Company.

CHANGE OF CONTROL: The Borrower shall not change the shareholding, equity structure and management control without the prior written consent of the Bank.

RESTRICTIONS ON INTRA-GROUP INDEBTEDNESS: The Borrower shall not, without the prior written consent of the Bank, subscribe to any bonds, equity or similar security or financial instrument issued by any company within the Group or provide any loans or other type of finance to any company within the Group.

Copy of its annual return filed with the Companies Registry to be submitted as soon as it is available and no later than 90 days from the end of each financial year

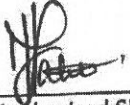
The Borrower shall not provide any Corporate Guarantee to any of its member within the group without the prior written consent from the Bank.

The offer of the Facility is available for acceptance by execution and submission of the Facility Letter within 30 days from the date of the Commercial Terms after which the Bank shall have the right to revoke / cancel the offer.

Initials:
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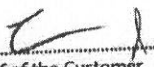
For and on behalf of
BARCLAYS BANK TANZANIA LIMITED



Bank Authorised Signatory
Name: MICHAEL HATIBU
Title: HEAD, REL.



Bank Authorised Signatory
Name: Coleman Sanku
Title: Senior Relationship manager

Initials: 
On behalf of the Customer
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Bank: 

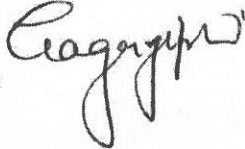
FORM OF ACCEPTANCE (For Companies and Other entities)


The Facility detailed above is accepted for and on behalf of the Borrower on the terms contained in the Commercial Terms and in the Standard Terms delivered with the Commercial Terms. I/We acknowledge that I/we have read this Agreement and I am/are aware of and accept the obligations, liabilities and rights herein and accept the terms and conditions described in this Agreement.

sealed with the common seal of

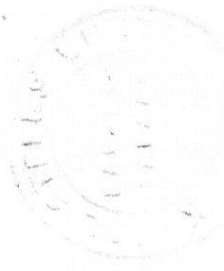
KAMAL STEELS LIMITED

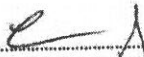
In the presence of:-

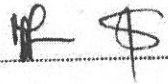
Director
Name:
Signature: 

Director/Secretary
Name:
Signature: 

Date of Acceptance:



Initials: 
On behalf of the Customer
Term Loan Commercial Terms v1.2018

Bank: 

Third Party Acknowledgments and Undertakings

We Kamal Alloys Limited the above-named Guarantor(s) and/or third party security provider(s) hereby confirm that we have read and have had explained to us the contents of this Agreement and fully acknowledge and understand the contents thereof and in consideration of the Bank agreeing to make the Facility available to the Borrower, we:-

- (i) acknowledge, understand, confirm and agree that this Agreement may be amended, varied, replaced or supplemented from time to time upon thirty (30) days notice to ourselves and in particular that the rate or rates of interest (including the default rate or rates) referred to in the Commercial Terms and the methods of calculation thereof may change from time to time;
- (ii) agree and undertake to create such charge(s) or mortgage(s) in such form as we are required to create by virtue of the provisions of this Agreement and/or any variation or replacement thereof; and
- (iii) confirm that we have given the undertakings set out in (i) and (ii) above voluntarily and intending to be legally bound without any duress, incentive or undue influence whatsoever.

Date: _____

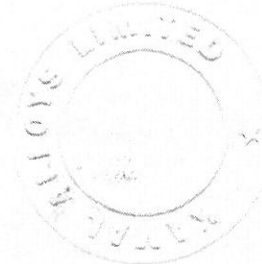
EXECUTION BY COMPANIES

Sealed with the common seal of

_____ pursuant to a resolution of the board of directors of the company dated _____ in the presence of:-

[Signature]
Director

Director/Company Secretary *[Signature]*



Initials: *[Signature]*
On behalf of the Customer
Term Loan Commercial Terms v1.2018

Bank: *[Signature]* *[Signature]*

SCHEDULE 1

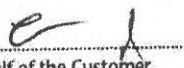
SECURITY

PART A - EXISTING SECURITY

1. Joint and Several Guarantee and Indemnity for TZS 8,700,000,000.00 issued by Gagan Santosh Gupta, Satyam Swatantra Mohan Gupta and Sameer Santosh Gupta
2. Corporate Guarantee and Indemnity for USD 562,250.00 from Kamal Alloys Limited.
3. Debenture over Fixed and Floating Present and Future assets of the Company registered and stamped to cover TZS 10,000,000,000.00 shared pari-passu with the Bank of Baroda Tanzania Limited.
4. First priority Legal Mortgage over the property located on Plot No. 188/2, Chang'ombe Industrial Area, Ilala Municipality, Dar es Salaam City and comprised under Certificate of Title No. 59089 in the name of Kamal Steels Limited registered and stamped to cover TZS 10,000,000,000.00 shared in pari-passu with Bank of Baroda Tanzania.
5. First priority Legal Mortgage over the property located on Plot Nos. 140 and 141, Block "M", Kerege Urban Area Bagamoyo, Pwani Region and comprised under Certificate of Title Nos. 137811 and 137979 in the name Kamal Alloys Limited registered and stamped to cover USD 562,250.00

PART B - NEW SECURITY

6. Specific Debenture over the purchased Converter Machinery registered and stamped to cover TZS 1,983,400,000.00

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