



THE UNITED REPUBLIC OF TANZANIA
TANZANIA AGRICULTURAL DEVELOPMENT BANK

4th Floor Acacia Estates Building, Plot 84 Kinondoni Road
P.O. Box 63372, 14109 Dar es Salaam, Tanzania.
Tel : +255 22 292 3501/02 Fax : +255 22 292 3503



Strictly Private & Confidential

Ref. No. TADB/598/DCB/2022/044

11th May 2022

Managing Director,
JND Polybags Company Limited,
P. O. Box 190,
Iringa.

Dear Sir,

RE: CREDIT FACILITY - LETTER OF OFFER

Tanzania Agricultural Development Bank Limited ("TADB or the Bank") is pleased to offer to **JND POLYBAGS COMPANY LIMITED** or the Borrower banking facility ("the Facility") outlined below on the terms and conditions set out in this Offer letter, subject to the covenants set out herein, and subject to the satisfactory completion of all pre-disbursement conditions and security documentation as specified in this offer letter.

FACILITY: LONG TERM LOAN

1. Loan Amount:

TZS 3,000,000,000 /= (Say Tanzanian Shillings Three Billion Only).

2. Purpose of the facility:

To finance to the construction of a factory building, purchase of HDPE/PP printing machine line including port clearance charges.

3. The Loan Disbursement:

The funds shall be disbursed directly to the G.P.A Engineers account upon the Borrower's written instructions (The disbursement to be done through LC arrangement).

4. Repayment period:

The repayment period is 72 months including 12 months Grace Period.

5. Grace Period

The facility shall have a grace period of 12 months during the grace period there will not be interest repayment.

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6. Interest rate:

Interest charged will be 12% p.a. Interest during grace period will be capitalized

7. LC Commission

Letter of Credit will be charged LC Commission of 1% per quarter or part thereof.

8. Source of Repayments.

Sales proceed from printing woven bags and other sources funds of the borrower shall be used to repay the loan.

9. Interest service:

The borrower shall make sufficient deposit into the account to meet the interest which accrues monthly and is payable concurrently with the principal instalment.

General Terms and Conditions:

10. Appraisal Fee

Applicant is required to pay appraisal fees of 1.77% of the approved facility.

11. Security: The following shall be securities to secure the loan:

- i. Legal Mortgage over a Residential property located on Plot No. 233 Block 'N' Kihesa kilolo Area, Iringa Municipality issued with CT No. 1392-IRLR, LO.NO. 994298, in the names of Jimson Daudi Kisigo-(CT will expire 99 years from 23st March 1998 with 770SQM of land). Draft Valuation done in **December 2021**.
- ii. Legal Mortgage over a commercial property located on Plot No. 17& 18 Block 'A' Winome Area, Iringa district issued with CT No. 3747-IRLR, LO.NO. 1249392, in the names of Jimson Daudi Kisigo and Neema shauri Gumbo-(CT will expire 99 years from October 2021 with 2,356SQM of land). Valuation done on **05.01.2022**.
- iii. Legal Mortgage over a commercial property located on Plot No. 19 & 20 Block 'A' Winome Area, Iringa issued with CT No. 3747-IRLR, LO.NO. 1249393, in the names of Jimson Daudi Kisigo and Neema shauri Gumbo-(CT will expire 99 years from 23st March 1998 with 2,380SQM of land). Valuation done on **05.01.2022**.
- iv. Specific Debenture over machines to be acquired through TADB Loan (75% Of the Market Price).
- v. 60% PASS Guarantee.
- vi. Directors Personal Guarantee & Indemnities
- vii. General Debentures Over the Company Assets for all Fixed & Floating Assets over the Future and Present Assets.

12. Conditions Precedent:

No disbursement shall be made before compliance with the following conditions:

- i. Submission of current valuation reports for properties proposed as security for this facility from the Bank approved valuers.

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- ii. Submission of resolution by the Board members accepting the terms and conditions of the offer letter.
- iii. Execution of Security and Legal documents as per lender's satisfaction.
- iv. Submission of Reviewed Project Implementation schedule.
- v. Spouse consent over all properties pledged as collaterals owned by Jimson Daudi Kisigo and Neema Shauri Gumbo.
- vi. Submission of current proforma invoices for the machineries and equipment and a valid business license.
- vii. Submission of current land rent receipts and service charges clearance certificates for all properties to be mortgaged
- viii. Purchase of insurance cover by the Borrower in respect of all assets of the Borrower and any assets mortgaged to TADB against all risks, which they may be exposed to with TADB noted as Loss Payee.
- ix. Submission of Letter of Undertaking to meet all the project's cost overruns (if any).
- x. Opening of a bank account at CRDB Bank – PLC and ensuring all the transactions are passing through the CRDB Bank account for easy control and monitoring of the business transactions.
- xi. Proof for availability of technical expertise for operating the factory.
- xii. Client to submit the intent letter from CRDB Bank on supporting the working capital requirement for the project.
- xiii. Construction to start by the client from the own fund, then Bank financing will follow after establishing the client's commitment into the project.
- xiv. Customer must contribute to the tune of TZS 300M. The amount to be deposited into our accounts before disbursement of the facility.
- xv. Client to identify and submit to the Bank, the Contractor who will be involved in the construction of the factory building.

13. Specific Conditions:

- i. The Borrower hereby irrevocably authorises TADB to debit from time to time any account it may have with the Bank, and or any amount due to TADB in connection with the facility.
- ii. The Borrower shall make adequate provisions to cover all cost overruns of the project and provide satisfactory proof thereof.
- iii. The Borrower shall submit to the bank annual land rent receipts (i.e. land rent to be paid on or before 30th June for each year) for all the properties to be mortgage to TADB for as long as any amount of principal or interest remains outstanding.

[Handwritten signature]

- iv. Promoters to make sure that proforma invoices in support of disbursement requests are issued by reputable suppliers and indicate brand, key product specifications, price, payment terms, mode and time of delivery.

14. Expenses:

All expenses in connection with the arrangement of the facility, including costs of stamp duty and registration of the security documents, legal and other expenses shall be on the account of the Borrower.

15. Consent clause:

The Borrower agrees and authorizes TADB or Credit Bureau approved by The Bank of Tanzania (BOT) to:

- i. Make enquiries from any bank, financial institution or BOT approved credit reference bureau in Tanzania to confirm any information provided by the Borrower;
- ii. Seek any information from any bank, financial institution or BOT approved credit reference bureau when assessing the Borrower at any time during the existence of the Borrower's account;
- iii. Disclose to BOT approved credit reference bureau information relating to the account maintained at the bank.
- iv. The borrower is hereby agreeing that in the course of this relationship; there will be sharing of information's with CRDB Bank Limited.

16. Insurance Policy:

- i. The borrower shall ensure all the assets pledged as collateral are insured with the Bank listed as the First loss payee at all times during the tenor of the loan.
- ii. The borrower shall submit an insurance policy and a confirmation of premium payment from an insurer acceptable by the Bank.

17. Covenants

- i. No further borrowings without prior written consent of TADB.
- ii. The Borrower hereby irrevocably authorizes TADB through its agent TPB Bank to debit from time to time any account the Borrower may have with other banks, all or any amount due to TADB in connection with the facility.
- iii. The credit facility shall be used strictly for the intended purposes.

18. Representations and Warranties

The Borrower represents and warrants to the Bank from and after the date hereof, so that such representations and warranties shall be deemed to remain valid at all times so long as any sums shall remain actually or contingently owing to TADB, that: -

- i. The Borrower is duly constituted and validly existing under the laws of Tanzania and that it has the power and authority to own property and assets and to carry on business as it is now being conducted.

 

- ii. The Borrower's execution of the Finance Documents (which term shall refer to this Letter, and to any other document the Borrower may be required to execute in relation to the facilities offered herein) and the performance of their terms are within the Borrower's powers and have been duly authorised by all necessary actions and do not and will not contravene any law or any contractual or other restriction binding upon the Borrower and will not result in the creation or imposition of any encumbrance on its property, assets or revenues otherwise than as contemplated by this Letter.
- iii. Each Finance Document shall on the execution constitute a legally binding obligation enforceable in accordance with its respective terms.
- iv. JND Polybags Company Limited should at the end of financial year, prepare and submit the audited accounts; and the audited accounts should;
 - a) Have been prepared in accordance with generally accepted international accounting standards, consistently applied; and
 - b) Fairly represent the financial condition of (JND Polybags Company Limited) as at the date to which they were drawn up.
- v. Save as previously disclosed to the Bank in writing, no litigation, arbitration or administrative proceedings are current or, to JND Polybags Company Limited 's knowledge, pending or threatened, which if adversely determined, are likely to have a material adverse effect on GMT Super Rice Trader's business or financial condition or the ability to perform its obligations under the Finance Documents.
- vi. There is no dispute or litigation whatsoever subsisting between JND Polybags Company Limited shareholders or between its management and the shareholders. If any such dispute or litigation is threatened, occurs or is instituted, the Borrower will notify the Bank forthwith

The facility offered herein may be terminated at any time if the representations and warranties are found not to be or cease to be true.

19. Acceptance:

This Credit Facility Offer Letter once accepted shall remain in full force and effect, subject to termination as aforesaid, throughout the life of the facilities enumerated herein provided the facilities or any part thereof are being utilized.

Please signify acceptance of the foregoing by signing and returning to us the copy of this letter, within **14 days** from the date of this letter.

Yours Sincerely,

TANZANIA AGRICULTURAL DEVELOPMENT BANK


Philipo Msokwa
CREDIT APPRAISAL MANAGER


Afia Sigge
AG. DIRECTOR OF CREDIT AND BUSINESS MANAGEMENT

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FORM OF ACCEPTANCE:

We, the undersigned, on behalf of ourselves and on behalf of **JND POLYBAGS COMPANY LIMITED** having been dully authorized by the **Board of Directors**, hereby confirm that we have read and understood contents stipulated above and therefore accept the terms and conditions herein contained in this offer letter.

FOR AND ON BEHALF OF: **JND POLYBAGS COMPANY LIMITED**

NAME: JIMSON DAUDI KISI GO

SIGNATURE: 

DESIGNATION: MANAGING DIRECTOR

DATE: _____

NAME: NEEMA SHALLI GUWBO

SIGNATURE: 

DESIGNATION: DIRECTOR

DATE: _____

(SEAL)

JND POLYBAGS COMPANY LIMITED

