



10TH JUNE 2022

Ref: ABL/023010000101/06/2022

**MANAGING DIRECTOR,
SHANATEC LIMITED,
P.O. Box 551,
MBEYA.**

Dear Sir/Madam,

RE: LETTER OF OFFER

We refer to your application for credit facilities and write to confirm that the Bank has approved the facility mentioned hereunder subject to the following terms and conditions:-

- Borrower:** Shanatec Limited.
(Hereinafter called "**the Borrower**").
- Lender:** Azania Bank Limited
(Hereinafter called "**the Bank**").
- Facility I:** Letter of Credit cum Term Loan
- Limit:** USD 150,000 (say United States Dollar One Hundred Fifty Thousands Only).
- Purpose:** Financing Purchase of machinery for extraction of Pyrethrum crude oil
- Fees and interest:** (i) Arrangement fee 2.0%
(ii) LC Issuance Commission 1.0% per quarter or part thereof
(iii) General Amendment charges USD 300.00

Azania Bank Limited
Mawasiliano Towers, Head Office
P.O. Box 32089, Dar es Salaam
Tanzania

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Toll Free 0800 110210

- (iv) Swift charges USD 60.00
- (v) Extension of validity 0.75% per quarter.
- (vi) Cancellation of LC USD 200.00
- (vii) Interest rate on term loan 8.0% p.a

Tenor: 360 days for LC and 48 months for PIL or Term Loan.

Availability: LC is payable on sight of documents while PIL/Term Loan is payable in 48 months twice a year in January and February each year starting January 2023.

Facility II: Business Overdraft

Limit: USD 50,000.00 (say United States Dollar Fifty Thousands Only)

Tenor: 12 Months

Interest Rate: 8%p.a

Arrangement Fee: 2%

Security Perfection: Usd 500.00

Collateral Insurance: 0.175%p.a

Life Insurance: 0.65%p.a of the total exposure.

Purpose: Working capital for extraction of Pyrethrum crude oil business.

Total Exposure: USD 200,000.00 (say United States Dollar Two Hundred Thousands Only).

Penal Interest: A penal interest at **6% p.a.** will be charged on entire outstanding balance, if there is any overdue in any of the accounts of the **Borrower** or there is non-compliance of any of the terms and conditions.

**Conduct
of the Account:**

The Account shall be conducted in a satisfactory manner and in accordance with the **Income Stream** submitted when applying for the loan. All business proceeds shall thus be channeled through the Borrower's USD account number **023010000101** and Tzs account number **023000028133** held at Azania Bank.

Repayments:

The facilities inclusive of interest thereon will be repaid on or before the expiry date. The Borrower shall ensure that there is sufficient balance to repay the facility before the due date. The **Bank** however has the right to call for the full outstanding amount and interest therein at any time during the term of the facility.

Others Fees:

The following non-refundable fees are payable by the **Borrower** upon signing this Offer Letter:

- (i) All costs associated with this loan (including Advocates/Legal fees, enforcement of security held by the **Bank**) are payable by the **Borrower** and the **Bank** shall have the right to debit the **Borrower's Savings Account** accordingly and the **Borrower** hereby so confirms.

Security:

The **Facility** shall be secured by the following security:

- (i) Property with CT No. 55444-MBYLR, Plot No. 3, Block 'B', L.O No. 779882 Idiga Songwe area, Mbeya District.
- (ii) Property with CT No. 18470, Plot No. 24, Block 'J', Medium Density Area, Mbeya City.
- (iii) TADB Guarantee.

- (iv) Debenture over company's fixed and floating assets.
- (v) Letter of Lien and set-off.
- (vi) Letter of hypothecation of goods.
- (vii) Corporate guarantee from Mnasi Telecommunication Ltd.
- (viii) Personal guarantee of the Directors of the Company.
- (ix) Any other security or enhancement of existing security / charge which the **Bank** may opt for during the currency of the facilities.

Dispute Clause: In case of any dispute arising out of interpretation, performance or non-performance of the terms and conditions contained herein, the Borrower and the Bank hereto irrevocably submit themselves to the Commercial Division of the High Court of Tanzania for adjudication.

Default: In the event of non-repayment and/or any other non-compliance with any of the terms and conditions or documentation detailed herein or in other borrowing from this **Bank** or other parties for any reason whatsoever, the **Bank** shall have the right to demand the payment of the outstanding amounts without further notice to the **Borrower** and any costs, charges, disbursements, and other outgoings incurred by the **Bank** and or its agents towards the recovery of the amount outstanding, including legal fees, stamp duty, and any other charges shall be for the **Borrower's** account. Events of non - compliance shall include but not limited to the following:

- (i) There is breach of any of the terms and conditions contained herein or if the same has not been fulfilled to the satisfaction of the Bank.
- (ii) There is default in payment of any installment and the default has persisted for seven (7) days.

- (iii) The financial position of the Borrower has worsened for whatever reason thereby jeopardizing the position of the Bank with regard to the outstanding balance on the loan.
- (iv) Any security offered as collateral has deteriorated in value by reason of depreciation in the market value.

Right of Set - off:

In the event of default, the Bank will have unfettered right of Set - Off against any credit balances maintained in other Accounts of the **Borrower** and to realize the properties pledged as security without reference to the Borrower.

**Other
Conditions:**

- (i) The **Borrower** shall be responsible for all charges, taxes, and outgoing necessary to perfect securities and in other ways to give effect to this facility.
- (ii) The **Borrower** shall obtain from a reputable and reliable Insurance Company of his choice Comprehensive insurance in respect of all assets constituting the security. Such insurance shall be arranged through the **Bank's** appointed Insurance Brokers be enclosed with the **Bank's** interest. The Policies should be ceded, registered and deposited with us.
- (iii) The **Borrower** shall open or continue to maintain banking account(s) in the books of the Bank in which all its regular business receipts and payments financed by the loan under this Offer Letter shall be made.
- (iv) All charges and interest facility shall be debited to the **Borrower's** account(s) in the books of the **Bank**.
- (v) The **Borrower** shall notify the **Bank** of any material changes in the business, management, its legal status or any other changes affecting the **Borrower** and/or this facility.

**Pre-disbursement
Condition**

No disbursement shall be done before compliance with the following conditions:-

- a. Submitting a board of director's resolution to accept approved loan amount with its terms and conditions.
- b. Execution of Security and Legal documents.
- c. Submission of final valuation reports of pledged securities with Plot No. 3, Block 'B', Idiga Songwe area, Mbeya District and property with Plot No. 24, Block 'J', Medium Density Area, Mbeya City.

**Specific
Condition:**

- i. The Borrower will transact and route a minimum of 80% of their sales proceeds through Azania Bank, failure of which an additional interest rate of 2.0% p.a will be charged on their facility.
- ii. The Borrower will transact and route the proceeds into ABL account and ensure that there is sufficient balance to cover the repayment of the facilities before they fall due.

**Drawdown
Schedule**

The facility shall be released and utilized in 3 trenches as follows:-

- 1st Trench: Usd 122,050 to be utilized in purchase of Machine from China.
- 2nd Trench: Usd 27,950 to be utilized for payment of import taxes, VAT, and other clearing charges at Dar es Salaam port.
- 3rd Trench: Usd 50,000 to be utilized for working capital (OD) when all machines are fully installed and the company is in operations.

Acceptance:

The Borrower should signify acceptance to the terms and conditions of this facility by counter-signing the copy of this offer letter not later than **14 Days**. It is important to note that counter signed offer letter constitutes the **Loan Agreement** that will regulate the relationship between the Bank and the Borrower.

**Withdrawal
Of Offer:**

The **Bank** reserves the right to withdraw this offer at any time before its acceptance without having to give any reasons whatsoever for doing so.

We look forward to receiving your acceptance hereof.


Yours faithfully,




.....
Samson Basil Mahimbi
Branch Manager

ACCEPTANCE

We, Directors of **SHANATEC LIMITED**, the **Borrowers**, confirm that we understand and accept the terms and conditions of the facility as detailed above.

Signature: 
Name: MUSSA MOHAMED MNASI
Title: DIRECTOR
Date: 13 JUNE 2022



Signature: 
Name: HAWA BAKARI KISENDE
Title: DIRECTOR
Date: 12 / 06 / 2022

