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RADAR SCREEN

Devolution

Counties should clear hurdles to business recovery p3



MARKETPLACE

Advertising

How techie is changing way brands engage customers p13

LIFE

Motivation

Here's how to avoid the charlatan's snare p22



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Tuskys siblings in fresh rift over share sale deal



Tuskys outlet on Muindi Mbingu Street in Nairobi. -SALATON NJAU

DISPUTE» One of the retail chain owners vows to block sale bid over Sh1.6bn legal row

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The planned sale of a majority stake in troubled Tuskys Supermarket has triggered a

17.5%
PERCENTAGE

stake that Yusuf Mugweru owns in Tuskys Supermarkets

fresh round of fallout among the siblings who own Kenya's second largest retail chain that

could scuttle the deal.

Yusuf Mugweru, the fourth born of the seven siblings, has vowed to block the deal, saying wrangles among the retail chain's shareholders are yet to be resolved.

Mr Mugweru, with a 17.5 per cent stake in Tuskys, reckons his brothers are yet to disclose the whereabouts of some Sh1.6 billion that was the subject to

TUSKYS | PAGE 4



Safaricom CEO Peter Ndegwa. -FILE

Safaricom starts Sh20 a day loan for buying smartphones

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Safaricom will tomorrow kick off the sale of smartphones on credit to its subscribers who will make daily payments of as little as Sh20 a day for up to a year as the firm seeks to ramp up data revenues.

Safaricom is aiming to rev up its data business to offset sluggish growth in mobile calls

The telco is partnering with Google to offer one million affordable smartphones.

Safaricom is aiming to rev up its data business to offset sluggish growth in mobile calls, where it has seen a small revenue growth due to saturation, forcing the firm to turn to M-Pesa and internet to power future growth.

"Cost of devices should no longer be an impediment. We are launching an innovative device financing plan dubbed

SAFARICOM | PAGE 2

ON THE TICKER

THE DIGIT

188BN

SHILLINGS

amount that City Hall loses annually in unpaid land rates p12



Hotel lockdowns for pilots as global JKIA flights start

Pilots and crew members flying into the country will not be allowed to leave their hotels or rooms except for emergency reasons when international travel restarts on August 1. p5



Safety in church

NAIROBI Legio Maria's St. Helena Mathare branch Father in Charge Milton Ochieng sprays holy water to a worshipper during a mass at the church yesterday. The Church has four services from 6am, which allow time for fumigation to curb the spread of Covid-19. Most of the churches, which are open, are adhering to Health ministry protocols on coronavirus. -SALATON NJAU

Inside Sh11bn road through Kenyattas' rural home

Kiambu road project
The stretch linking Kirigiti to the Ngongwa will be 62km

Road section	Length
Kiambu-Ngawa	12
Ngawa-Kibicho	10
Kibicho-Nembu-Icaaweru	11
Ichaweri-Gatundu-Kangoo	11
Kangoo-Mangu	4
Mangu-Thika super highway	14
Total	62

Source: Environmental Impact Assessment Report

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President Uhuru Kenyatta's village, Ichaweri, is set to benefit from a Sh11 billion project that will upgrade sections of the motorway that connects Kiambu Road to Thika Highway to dual carriage.

The national highways agency has started design work on the

62-kilometre road that is set for completion by June 2022 – two months before the end of Mr Kenyatta's second and final term.

The road runs from Kiambu Road through Kirigiti, Ngawa, Ichaweri, Gatundu and Mangu to Thika highway, according to the Kenya National Highways Authority (KeNHA).

Ichaweri, a small village

along Kenyatta Road in Gatundu South, is the rural home of two of Kenya's presidents – the incumbent and his father Mzee Jomo Kenyatta. "The government has earmarked funds

through the development vote for use in engaging the consultancy services to undertake preliminary and detailed engineering design, environmental and social impact study, preliminary and detailed engineering design of Kiambu-Ngawa-Kibicho (B30) Road," says an environmental impact assessment (EIA) report **KENYATTAS** | PAGE 4

Fitch warns of debt rise after shilling drops

Exchange rate depreciation is a major risk to debt sustainability in Africa this year and could see some exposed countries such as Kenya receive a credit downgrade, rating agency Fitch has warned. p16

Tuskys owners in fresh share sale row

FROM PAGE 1

a court suit and is also demanding a forensic audit of the store's accounts covering the past eight years.

Tuskys is seeking to sell a majority stake to a consortium made up of a private equity firm and an undisclosed foreign retailer as part of efforts to raise cash to pay suppliers and win back their confidence.

"They reached out to last Sunday to support the share sale, but we have declined unless past problems are resolved," Mr Mugweru's lawyer, Philip Murgor.

"A transaction in the nature of a buyout cannot be contemplated, without the express and written approval of all shareholders. Our client has not consented or approved such a transaction."

Nearly a decade ago, the retail chain was rocked by a family feud that threatened to tear it down and pulled in the third generation heirs, sparking private and public spats.

Two co-owner brothers of Tuskys - Stephen Mukuha and George Gachwe - were four years ago charged with theft of Sh1.64 billion from the retail chain.

Tuskys shareholding

Yusuf Mugweru Kamau opposed the proposed merger with Nakumatt back in 2017

Shareholder	Stake in Tuskys (%)
Yusuf Mugweru Kamau	17.5
Stephen Mukuha Kamau	17.5
Sammy Gatei Kamau	17.5
George Gachwe Kamau	17.5
Mary Njeri Kamau (deceased)	10
Mary Njoki Kamau	10
John Kago Kamau	10
*As at end of 2018	
SOURCE: COURT DOCUMENTS	



Yusuf Mugweru Kamau, one of the Tuskys shareholders. -FILE

said Mr Mugweru.

His objection looks set to complicate Tuskys' commitment to get the backing of all shareholders and close the share sale deal in the coming weeks.

The prospective equity investors want all the Tuskys' seven shareholders to agree and make legal commitments to the sale of a majority stake in the company.

"The board is working to obtain an irrevocable letter of undertaking signed by all shareholders and backed by power of attorney to make this process flawless and to enable equity injection in the shortest time possible," Tuskys informed its major suppliers, who are owed billions of shillings, in a meeting last week.

Sources familiar with the

share sale deal told the Business Daily that the potential investors are concerned about committing resources to a deal that could be scuttled by insiders.

They are also fretful about the possibility of ending up with an aggrieved minority shareholder who could rock the boat from within.

The jitters are based on previous fallout that saw Mr Mugweru in 2018 scuttle a merger deal between Tuskys and then cash-strapped Nakumatt, which has since collapsed.

The seven siblings took over the ownership of Tuskys in 2002 after the death of their father and the retail chain's founder, Joram Kamau.

Mr Mukuha, Mr Mugweru, Mr Gachwe and Sammy Gatei own a 17.5 percent stake in Tuskys each, according to disclosures in a previous court case.

John Kago, Mary Njoki and Mary Njeri (deceased) were listed as holding a 10 percent stake each.

Details of the proposed transaction, including the size of capital to be raised, are yet to be disclosed.

The company told suppliers that more prospective investors had reached out to initiate talks.

"There are now firm offers

from credible international investors and two more are expected over the weekend," the company said.

"The offers will be tabled to the board, the family and bank, with an expectation of an approval quickly. Board and advisers are clearly aware of the pressure to close quickly."

A transaction adviser tapped to guide Tuskys on the deal reckons that the family-owned retail chain is seeking to sell a majority stake to a PE firm and a supermarket operator.

The retail chain is expected to benefit from the supply of both new capital and technical expertise in operating a major retail chain.

Tuskys, which has 53 stores and is Kenya's second biggest retailer behind Naivas, was last month ordered by the Competition Authority of Kenya (CAK) to clear supplier bills worth Sh1.2 billion by July 16 under new rules meant to cushion suppliers from delays.

The retailer paid Sh2.7 billion before the deadline.

Tuskys, which has not said how much it still has to pay, has renegotiated terms for its credit facilities and has been in talks with suppliers to keep its stores stocked.

Boda boda sales plunge 64pc after Covid curbs

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Motorcycle registrations in the two months to May dropped 64 percent from same period last year dimmed by travel restrictions and micro-financiers who shunned discharging credit for purchase of the two-wheelers.

Latest data from the Kenya National Bureau of Statistics (KNBS) shows that 13,983 units were registered in April and May from 38,780 units in a similar period last year.

Registrations were lowest in April at 5,099 compared to 19,717 units last year in month-on-month comparison when Kenya imposed restrictions to curb spread of the coronavirus disease after reporting the first case in March.

Dealers attributed the fall to the travel restrictions that included banning movement into and out of Nairobi and Mombasa, the dusk to dawn curfew that cut demand and slowed credit by micro-financiers who introduced tougher conditions for loans amid economic uncertainty occasioned by job losses and salary cuts.

Isaac Kalua, chairman of the Motorcycle Assemblers of Kenya said that the dusk to dawn curfew led to fall in the demand for motorcycles that are a popular means of movements at night.

The travel disruptions further hurt the sales with dealers saying bulk buyers were locked out of the two biggest cities until early this month when President Uhuru Kenyatta lifted the ban on movement.

"During the lockdown, there was fear and people withheld the money they had that would have otherwise been used to buy motorbikes... micro-financiers also reduced credit to people wishing to buy motorbikes while others increased the deposit demand from 10 percent to 50 percent due to the economic fears risk," Mr Kalua said.

Sales then picked up to 8,884 units the following month which was however a fall of 53.4 percent from 19,063 units in similar period last year.



Motorcycle Assemblers of Kenya chairman Isaac Kalua. -SALATON NJAU

Inside Sh11bn road through Kenyatta's Gatundu home

FROM PAGE 1

seeking approval of the project.

Members of the public have 30 days from last week to give comments on the project ahead of KeNHA tendering for contractors.

The upgrade is split into five divisions. The 12-kilometre stretch from Kiambu Road to Ngewa will be made dual carriage while the 36-kilometre route from Ngewa to Gatundu through Ichaweri and Mangu will be single carriage.

The last 14 kilometres from Mangu to Thika highway will be dual carriage.

This will make it the biggest road project in Gatundu since President Kenyatta came to power in 2013. He won a second and final five-year term that ends in August 2022.

Local politicians belonging to a faction of Jubilee Party loyal to Deputy President William Ruto have in the past attacked the administration's development record in central Kenya,



Part of Thika super highway. -SILA KIPLAGAT

claiming the region has been marginalised.

The region alongside Rift Valley voted overwhelmingly for President Kenyatta in the 2013 and 2017 elections.

"The growth of existing market centres along the road corridor, Ngewa, Riobai, Komothai and Gatukuyu, will lead to increased job opportunities and economic activities of the people which will not only contribute to economic growth within these trading centres," says the EIA report.

The upgraded road is expected

to further spur the growth of real estate in Kiambu areas close to Nairobi.

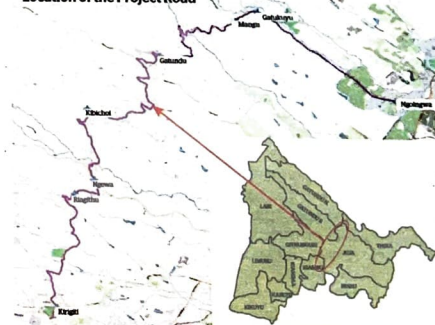
Coffee sector authorities have in recent years been alarmed at the rate at which farms in the outskirts of the capital city are giving way to apartment blocks or high-end gated communities.

The EIA says the Sh11 billion road will end traffic snarl-ups now witnessed on the Kiambu-Ngewa and the Mangu-U-Thika sections due to increased residential property developments hosting people who work in Nairobi and neighbouring

Project cost (Sh Bn)			
Alternative	Construction cost	Supervision cost	Total cost
Option1	10.441	0.339	10.781
Option2	10.628	0.339	10.968

Either of the 2 options will cost close to Sh11bn

Location of the Project Road



townships.

The upgrade of the road comes at a time the government is implementing a multi-billion shilling economic stimulus package unveiled in January by President Kenyatta to jump-start the economy.

The stimulus package is aimed at widening the market and offer better produce prices to tea, coffee, milk, rice and potato farmers, sub-sectors that

are critical in putting money in peoples' pockets, thereby improving their purchasing power and boosting other sectors.

The choice of key cash crops in Mr Kenyatta's bailout suggests the President is keen to calm the restive central Kenya and Rift Valley regions - his political bedrock - that has suffered the brunt of the sluggish economic activity and reduced cash in circulation.