CORPORATE NEWS

During the year, the group increased its shareholding in the subsidiary to 70.38 per cent up from 55.03 per cent following the exit of Proparco," DANIEL NDONYE I&M CHAIRMAN

AVIATION

PASSENGERS board a Jambojet plane in Kisumu. - FILE

Jambojet gets licence to fly international destinations

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Jambojet has received an air service licence (ASL) from the aviation regulator, paving the way for the low-cost carrier to commence international flights by the end of the year.

The Kenya Civil Aviation Authority (KCAA), through a gazette notice on Friday, gave the budget airline a one-year greenlight to fly to 16 routes using the Boeing 737, Bombardier Q400 and the ATR 72 aircraft.

Airline flies to six routes in Kenya; Nairobi and Mombasa, Eldoret, Kisumu, Lamu, Malindi and Ukunda.

Jambojet, a subsidiary of Kenya Airways, had applied to fly between JKIA and Entebbe, Addis Ababa, Dar es Salaam, Zanzibar, Kilimanjaro, Mwanza, Kigali, Juba, Bujumbura, Hargeisa, Mogadishu, Goma, Kisangani and Moroni.

"Licence granted for one year with effect from May 4, 2017 for international scheduled air services," KCAA said in the notice.

Jambojet, which was launched in 2014, currently flies to six routes in Kenya; between Nairobi and Mombasa, Eldoret, Kisumu, Lamu, Malindi and Ukunda.

A week ago, the budget carrier acquired a new 78-seater Bombardier Q400 from a Moscow-based leasing company as part of its expansion, with plans to lease another in November.

NIC Bank under pressure to repay Sh2 billion loans

FUNDS Lender has not defaulted on its obligations, but fell short of a ratio set by its financiers

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NIC Bank has breached the terms attached to Sh2 billion worth of long-term loans in the year ended December, which has seen the debt reclassified as being payable within one year.

This means the Nairobi Securities Exchange-listed firm could face an unscheduled debt redemption burden unless it secures waivers from its lenders.

Development finance institutions FMO (Dutch) and Proparco (French) advanced the debt to the parent company and its subsidiaries in Tanzania and Uganda, according to the lender's latest annual report.

"As no waivers covering the period ending December 31, 2017, had been obtained prior to the balance sheet date, the (Sh2 billion) borrowings portfolio has been reclassified to current," NIC says in the report.

The bank has not defaulted on its obligations but fell short of a ratio set by the financiers to protect their capital.

The company added that it is also negotiating to obtain waivers to avoid the potenti earlier-than-expected de redemption. NIC says its n non-performing loans to co capital – which stood at 27.1 p cent in December – was high than the unspecified thresho agreed with the lenders.

The net bad debt stood Sh7.8 billion in the peric when its core capital was Sh28 billion. The bank has previous blamed its stock of bad debt or few large corporate clients.

The loans that have bee reclassified to current incluc Sh1 billion lent to the pare company by FMO.

A Sh593 million loan w lent to NIC Bank Tanzania b Proparco, and another Sh395 million was provided to NI Bank Uganda by the sam institution.

NIC's short term deb would have risen higher ha it not secured a waiver fro the International Financ Corporation (IFC) which lent an aggregate of Sh5.5 billion.

NIC Bank branch in Nairobi. - FILE

NIC's current debt

Creditor	Company	Amount (Sh mn)
FMO	Parent	1,035
Proparco	NIC TZ	593
Proparco	NIC UG	395.4
TOTAL		2,023.5

SOURCE: COMPANY REPORTS

Truecaller targets Kenya in Africa advertising plan

Swedish firm Truecaller has stepped into the African advertising space as it seeks to monetise its mobile application user base on the continent.

In a statement, the social media firm says it will start operating Truecaller Ads in Africa, including Kenya. This means that companies can now advertise on the Truecaller application, which has about 40 million users in Africa.

The company has also stepped into the country's mobile payment space

"In today's digital era where consumers spend a considerable amount of their time on their mobile devices, it's time to engage with consumers in the most concerted manner for the mobile-first community," said Truecaller's chief commercial officer, Ted Nelson.

The Truecaller app lets smartphone users identify and filter calls. Truecaller started selling ads last year and has been focused on India through a partnership with Google. In Africa, it expects key growth markets to include Egypt, Nigeria, Kenya, South Africa, Ghana and Morocco.

Already, Truecaller says, it is seeing daily impressions of five million on its ad platform in Nigeria.

Founded in 2009, Truecaller has recently been searching for ways to generate revenue from its popular application. In addition to selling ads in India, Truecallers largest market, the company has also stepped into the country's mobile payment space through a partnership with a local bank.

-Muthoki Mumo

.. it's time to engage with consumers in the most concerted manner ..."

TED NELSON | TRUECALLER CHIEF COMMERCIAL OFFICER

New clothes traders face steep tax raise in bid to revive textile sector

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Clothing and shoe traders could face a steep tax increase on imports in new proposals that are aimed at reviving the East African Community's ailing textile and leather sectors.

The proposals to raise taxes by up to 50 per cent are included in a report that was commissioned on the two sectors by the EAC, and whose findings were presented to the region's heads of state last week.

Implementation of these proposals is likely to be contentious

They seek to limit cheap imports that have undercut once vibrant local industries.

"... over the years, the clothing and shoe manufacturing industries have collapsed due to the emergence of informal sector trade in used clothes and shoes (UCS) and the impact of trade liberalization," reads a policy brief on the report that was submitted to the EAC heads of state.

East Africans spend an estimated Sh36.1 billion ($350 million) on second-hand clothes and shoes (mitumba) annually. While the report endorses an existing proposal to ban mitumba, it also proposes a 40 per cent tax on "readymade garments or $ per kg whichever is cheaper". This implies that importer of new clothes would also b affected.

The report, authored by the EAC secretariat, propose increasing the commo external tariff (CET) on new shoes from 25 per cent to 5 per cent or $20 per pair (fo leather shoes) and $5 per pai (for plastic shoes), whicheve is higher.

A three-year tax waive for textiles inputs and sho manufacturing equipmen that are not available locall has been proposed as is a ba on the export of raw hide and skins.

Kenya has already take a U-turn on the proposals t ban mitumba despite ongoin negotiations at the EAC leve on the issue.

There are also fears that mitumba ban may see EA countries deemed illegibl to retain duty-free acces to the United States unde African Growth Opportunit Act (Agoa).

TEXTILE A trader at Kangemi market. PAUL WAWERU

AT A GLANCE

Proposals

SHOES The secretariat wants tariff for leather shows increased from 25 per cent to 50 per cent and about Sh500 per pair of plastic shoes.

CLOTHES If the proposals are passed, traders will pay 40 per cent tax on ready made garments or Sh500 per kilo.