



SERVICE AWARD: Vijay Gidoomal, (left) the Chief Executive Officer of Car and General and David Chesoni, (right) the Company's Managing Director congratulate Elizabeth Awuor Oyugi, (centre) for 35 years of service.



NIIT COURSES: During the Higher Education and Career Fair Saumil Vyas (second right), the Head of NIIT Kenya explains to Norah Kirumba (left), Sharon Njoroge (second left) and Mariam Time (right), the courses offered by the organisation. NIIT is a world leading ICT Training and Talent Development Corporation from India working in partnership with Car & General Limited.



PIAGGIO TRAINING: Vincent Njoroge (left), the Car & General National After Market Manager for Piaggio, shows to Daniel Ndawa (right), and Deklan Omwega Onkoba (center), drivers from Bidcoro Africa Limited how to fit an air cleaner in a tuk tuk during a Piaggio operation and maintenance training course.



OVERALL WINNERS: After a charity golf tournament at the Nakuru Golf Club marking the Sikh Community 550th anniversary Dan Mwanzi (centre), Car and General Trading Limited Sales Manager Nakuru Branch awards Kuljit Sahota (left), the men overall winner with 41 points and Sarabjit Sagoo (right), the ladies overall winner who earned 77 points.



EYE CLINIC: David Chesoni, (left) the Car & General Managing Director and Raphael Atanda (second left), the Company's Communications Manager present Amarpreet Kaur Sembhi, (right) the District Governor of Lions Clubs International and Rajinder Sembhi, (second right), Past Council Chairperson a sponsorship cheque for 300,000 shillings to sponsor an eye clinic in Kakamega.



MENTAL HEALTH SUPPORT: Erick Masabule (left), corporate sales representative of Car & General Limited presents a trophy to the Nteksters, the winners of the 2019 Kamili Family Challenge Piaggio tuk tuk driving competition held at the Sanctuary Farm in Naivasha in support of mental health.

CARGENVOICE

Volume 23, Issue 1 January - March 2020

Power for better living

Our Vision

To make customers smile in every street, every town

Our Mission

To achieve leadership position in all our primary markets - power generation, automotive and engine-related products in East Africa.

... IN THIS ISSUE

- CEO MESSAGE
- STAFF BRIEFS
- CARGEN IN SOCIETY
- CARGEN NEWS
- STAFF TALK
- PICTORIAL

Editor

Raphael Atanda

The Editorial Team wishes to encourage members of Car & General to send in their contributions for publication in the *Cargen Voice*. Make your voice heard!

Cargen Voice is published by Marketing & Communications Car & General (Kenya) Limited Lusaka Road, Industrial Area P. O. Box 20001-00200 City Square, Nairobi, Kenya Tel: +254-20-6943000/100 Fax: +254-20-554668 Email: info@cargen.com © Car & General, 2020

THE FIRST LINE



Welcome to the first issue of *Cargen Voice* of the year 2020. Car & General's strong reputation and business success have been built on doing what is right and what we say we will do - making customers smile in every street in every town. That is why integrity is one of our key values. Our 5 values describe how we should conduct ourselves, how we should treat others and how we should do business. We are very proud of our core values and we are committed to implementing them in every aspect of our business. We believe that this will go a long way in making Car & General a great organization by implementing best practice in corporate governance and culture. We will be discussing our 10 ethical practices inside.

Raf

Positive Expectations for 2020

The year to September 2019 proved challenging. Notwithstanding, in spite of constrained liquidity conditions, the Group posted 18% growth. Sales in Kenya grew 6% and sales outside Kenya grew 42%. Our two wheeler and three wheeler businesses experienced growth. Our equipment businesses (namely tractors, construction equipment and forklifts) remained flat in line with stable market size.

As a result of the above, turnover for the year ending September 2019 was KSh 11.9 billion against Ksh 10.1 billion achieved the previous financial year. Profit after tax over the same period was KSh 182 million which is 19% lower than Ksh 225m made during the same period last year. Profitability was significantly impacted by storage and demurrage charges of Kshs 188m resulting from the official directive to use SGR and ICD for container movement and clearing. This logistic change represented the biggest challenge this year. Our results would have been significantly better without this.

The highlight of the financial year was the growth in volume in our consumer businesses particularly in motorcycles and three wheelers which offset the static volume in our equipment business. Tanzania and Uganda grew significantly. We now offer a complete range of specialized engine related products (both consumer and equipment) through a solid distribution network and are making good progress in achieving significant market shares in each segment. We are certainly a more disciplined business and this will bear fruit as volumes grow.

Our investment in associate company, Watu Credit Limited is also performing satisfactorily and driving growth in the consumer segment.

Our investment property business saw reduced gains this year given current market conditions. We have completed one development, Nairobi Mega, on Uhuru Highway. The anchor tenant is Carrefour. This will open in Q1 2020. We have commenced the planning of a second development in Shanzu, Mombasa. We continue to review the property portfolio to ensure it generates satisfactory returns. The yields from our property portfolio are improving towards our target of 8-10%. We are also planning to divest non-core properties.

Our poultry business performed satisfactorily.

Going forward, we believe constrained liquidity conditions will persist in 2020 given government austerity measures and a stagnant business environment. The removal of the cap on interest rates was a positive development which will hopefully spur increased economic activity.

We now have a more balanced business with four distinct business lines being automotive and equipment distribution, real estate investment, financial services and poultry. This diversity builds sustainability and we are confident that each line offers scope for growth.

Vijay Gidoomal

Chief Executive Officer

CORNEROFFICE

Making Customers Smile

Quality

Integrity

Innovation

Empowerment



ORGANIZATIONAL CHANGES EFFECTIVE JANUARY 2020

We are pleased to announce the following organizational changes in our organization.

Amos Gitema Gichuki has been promoted to Senior Accountant Nakuru & Western Kenya. Prior to his promotion, he was the Accountant Coast Region. Amos has a wealth of experience spanning over 17 years having joined Car & General in 2003 under the management trainee program and rose to hold various financial positions in the organization. He holds a Bachelor of Commerce degree Finance option from Egerton University and is also a Certified Public Accountant (CPA) Kenya. He has not only proved to be resourceful and reliable but also exemplifies all values that Car & General stands for. He will be reporting to assistant CFO.

Daniel Mulwa Nyamasio returns to Nairobi as a Senior Accountant Nairobi with experience spanning over 17 years after joining Car & General as an intern in the Accounts department in 2003. He rose through the ranks to assume various positions including being the Retail Manager for the Western operation. He was the Accountant Nakuru & Western Region prior to his return to Nairobi. He holds a Bachelor degree in Business Management from Egerton University and is also Certified Public Accountant (CPA)-III level. Daniel has proved to be a versatile and reliable team player.

Kenneth Omondi Okeyo joins the Company as the Branch Accountant Mombasa taking over from Amos. He brings on board a wealth of experience having worked in various organizations in areas of audit, credit control and accounts for over 9 years. He holds a Bachelor of Science and Biotechnology degree from Kenyatta University and MBA Finance from KCA University. He is also a CPA (K) .

Amos, Daniel and Kenneth will be reporting to the Assistant Chief Finance Officer.

A number of management have also been effected in order to invigorate and improve on customer engagement and experience in Western Kenya. This is line with our commitment to make customers smile in every street in every town.

Jones Musau Kyalo becomes the Regional Retail Manager North Rift & Western - Eldoret, Kitale and Bungoma. Jones joined Car & General in 2013 as an aftermarket sales representative Bungoma Region. He is a diploma holder in sales and marketing. He has grown through the ranks to become Branch Manager for Bugoma and later Eldoret. He will be charged with the responsibility of overseeing the Eldoret, Kitale & Bungoma operations.

Douglas Mwashu Shavasinya is now the Regional Manager Nyanza- Kisumu, Kericho and Kisii. Douglas joined the organization in 2007 as a sales representative. He has held various positions in the organization including sales manager Mombasa and later, head of Arusha operations in Tanzania. He holds diplomas in Mechanical Engineering and Business administration. He is currently pursuing a degree in Operations Management. Douglas will now be overseeing Kisumu, Kericho and Kisii operations.

Jones and Douglas will be reporting to the Head of Consumer Business. Join me in congratulating and wishing Amos, Daniel, Kenneth, Jones and Douglas well in their new assignments.

MESSAGE FROM THE MD



David Chesoni, Managing Director

Looking at Q1 2020 performance, it is evident that we did not achieve our targeted objectives. Only Kitale, Kitengela Nanyuki achieved their budgeted volumes. C&G Trading recorded a loss in year 2019.

We need to recover this shortfall this quarter to make progress. We have our TVS **Chomoka na Gari promotion** running, we have developed good relationships with our finance partners and we take pride on our superior product range. This gives us a great opportunity to push our sales. We must maximize this opportunity.

Equally, the equipment business has to start contributing. This is where we have the biggest deficit. The interest cap has since been removed and we expect see more deals come through. We must be aggressive to justify the investment in this business.

We must aim to take our two wheeler aftermarket (plus the accessories business) higher. We must increase our network to ensure that we our products are well supported across the country. This grow our unit sales as consumer confidence grows. The same applies to our three wheeler business which has a big scope for growth both in taxi and cargo segments.

Overall, we must work as a team, with one common goal. The management is open to ideas from any member and you are encouraged to forward them for consideration.

Lastly, I take this opportunity to congratulate those who have taken up new roles. These organizational changes are meant to improve and strengthen our management and operational efficiencies.

We are all aware of increased competition in all segments that we play. We will need to be more close to our customers if we are to win their loyalty and retain them which is key to the sustainability of our business.

Our Ethical Principles - A Summary of the Code of Conduct Adopted from Cummins

We will follow the law everywhere.

Even when we are working in complex legal environment, we understand that the ramifications of ignoring the law can be catastrophic not just for the company but for individuals, too. Loss of employment, fines and even imprisonment can all be the result of breaking the law, no matter what intent. We must always follow the law even if it means losing business.

We will embrace diverse perspectives and backgrounds, and treat all people with dignity and respect.

At C&G, we strive to be inclusive and the diversity of our employees and other stakeholders makes us stronger. We value unique talents and diverse ideas and forbid discrimination, harassment and retaliation and strive to provide equal and fair opportunity for all irrespective of race, color, origin, disability, sexual affiliation, age or other status protected by applicable law. Our treatment of each other strictly prohibits all forms of discrimination and harassment, including sexual harassment.

We will compete fairly and honestly. Our goal is to win business and provide value to our stakeholders.

We compete aggressively but within the rules. We get business because of the quality of our products, services and people.

We do not use confidential information of others to gain improper advantage, we do not compromise our integrity and we do not bribe any one for any reason.

We will avoid conflicts of interest.

As employees we must focus on what is best for our stakeholders and manage potential conflicts so that our personal and family interests do not interfere with our business dealings.

We must avoid improper relationships with suppliers and other third parties - do not accept favors, gifts or other gratuities from suppliers or consumers in exchange for their favourable treatment.

Learning from Football . . .

What will happen this season in the English Premier League? One thing is obvious, history is going to be made - and Liverpool will make it. A record might be broken in the process yet Liverpool says they want the trophy and not necessarily the record. Although this guy was changed after his efforts could not deliver, I am not sure Arsenal would be kind if their unbeaten league run of the Invincibles is broken!



We will demand that everything we do leads to a cleaner, healthier environment.

As our regional reach grows, so does our responsibility to ensure our actions reflect a commitment to the environment and to the safety and well-being of our employees. This is by ensuring clean and safe workplaces, following the laws and regulations regarding safety, ensuring safe, safe and efficient products and operations

We will protect our technology, our information and intellectual property.

Our technology and knowledge gives C&G a competitive advantage. All employees are responsible for safeguarding the company's confidential information. We should not attempt to access information beyond the scope of our work. Confidential information should not be stored in non-C&G locations, and our computers must only be used for company business. We must also ensure that company documents are properly maintained or disposed under our document management policy.

We will demand that our financial records are accurate and that our reporting processes are clear and understandable.

C&G is committed to transparency in its financial reports. We co-operate fully with the auditors and under no circumstances withhold information from them. We maintain a robust system of financial controls and processes to ensure accuracy and timeliness of our financial reporting, this is critical to our credibility. We will not tolerate fraud or false or misleading entries or statements in our financial reports or in any other books or records of the company. Common fraud schemes include: personal use of company credit cards, incorrect expense claims, time reporting abuse, purchase order abuse among others.

We will strive to improve our communities.

At C&G we are committed to corporate social responsibility - serving and

improving the communities in which we live. This does not only mean making ethical business decisions, but affirmatively reaching out to our communities and engaging our workforce to solve community problems. We look at three areas - Health, Education and Environment.

We will communicate honestly and with integrity.

C&G has a responsibility to be honest and accurate in our communications to employees and the public. No employee should knowingly make a false or misleading statement to the media, government officials or public agencies in a public forum. At C&G, we produce timely flow of information throughout the organization and create consistent messages through appropriate individuals. Only authorised individuals should speak to the media, or any other agency on behalf of the company on social media. All media ns sensitive customer should be directed to the leader of Corporate Communications.

We will create a culture where all employees take responsibility for ethical behavior.

Employees are encouraged to speak up if they have any concerns. C&G has a non-retaliation policy that protects employees who raise concerns in good faith. If you are aware of any conduct that is unethical or inappropriate, you have an obligation to speak up - bring the issue to your supervisor, speak to the Human Resources, or report concerns either online or by telephone

It is important that all employees must live these ethical principles and C&G core values. They are intended to guide our employees relationships with each other, as well as customers, suppliers, partners and other stakeholders including the public. We must remember that violations come with consequences - including termination of employment. Let us uphold the Cargen Culture of integrity - Doing the right thing every minute, every day.

CUMMINS STAFF TRAINING:

Deeshon Munshi (left), Cummins Segment Manager for Africa and Middle East describes data center operations to Halima Wanga (center) and Aldoms Orwa (right) sales representatives of Cummins Car and General which sells generators that provide innovative and reliable power solutions for businesses in the event of outages.



Car & General Eye Clinic Programme with Lions



600 Kakamega County residents benefited from a two day free eye clinic held at Malava Sub District Hospital, Matete and Imbiakalo Health Centres thanks to a partnership between Car and General and Lions SightFirst Eye Hospital.

Specialists including ophthalmic surgeons, nurses drawn from the Lions Hospital and other local health facilities provided free consultation, check-ups, diagnosis and medicine. Glasses were donated to individuals with refractive errors and surgery was carried out for 31 patients suffering from cataracts.

“This partnership was formed with the aim of reducing preventable blindness in communities who do not have ready access to medical facilities. So far over 2000 people have benefited country wide from this programme. As eye sight is vital for everybody these clinics are a major part of Car and General's CSR,” said David Chesoni, the company's Managing Director.

CEO ANNUAL STAFF RECOGNITION



At Car & General, we believe that recognition plays a key role in employee morale. That is why every year, our CEO Vijay Gidoomal recognizes members who have exemplified C&G values. 2019 was no exception.

Harun Wakanene, CFO of Car & General, Dinah Awuondo of Head Office Accounts, Alex Njnde of Nairobi Trading Accounts, George Kahindi of Cummins C&G accounts and Amos Gitema, Mombasa Trading Accounts.

These members have done a good job in their various capacities.

“They have exemplified our values and have made sure that they achieve their objectives. I will keep encouraging people to live our values since this will ensure we make our customers smile in every street, every town. Congratulations!”, said the CEO.

Above is a file photo of the Accounts department some years ago. Four of the recognized employees are in the picture apart from Amos Gitema.

OUR SOCIAL CORPORATE RESPONSIBILITY

Health:

Eye Care Programmes

Car & General runs an eye care programme with Lions Club International. This is intended to reach needy people with eyesight problems. We recognise that eyesight is the biggest gift to humanity and thus we intervene by offering free eye diagnosis, and treatment for those affected by offering medicines, glasses and corrective surgeries.

Blood donation

In partnership with the Kenya Blood Transfusion Services, our members of staff donate blood to help boost the country's blood bank which in turn will help reduce loss of lives due to lack of blood during emergencies.

Staff fitness

We recognize that healthy employees are good for business, C&G is continuously investing in staff wellness programmes geared towards cultivating a healthy lifestyle. Together with internal medical camps, we encourage and support our employees to live healthy lifestyles.

IMPORTANT HR INFORMATION STAFF BENEFITS

Regular full time employees are eligible to join C&G Employment Benefit Plans after successfully completing their probationary periods.

Pension Scheme

C&G operates a contributory pension scheme. The contribution is 5% for unionisable staff and 7.5% for management staff of monthly basic salary, payable by both employee and employer monthly. Rules and regulations governing the scheme are available from the Trustees or the Human Resources office.

Medical Scheme

The company has a medical insurance scheme with First Assurance which covers staff, spouse, and four nominated children. This covers inpatient, outpatient, maternity, dental and optical.

Group Personal Accident

C&G has take a 24-hour Group Personal Accident Insurance to cover all employees in the event of accidental injury or death.

Retirement Policy

Retirement age at C&G is 60 years. Employees may opt to retire early as from the age of 50 years. There is a three month notice period to be served by either party upon retirement.

Education:

Collaboration with technical education institutions

We have signed several MOUs with universities and technical training institutions to offer training sessions to students and lecturers at our facility. We also encourage student visits, support attachment programmes and donate equipment to facilitate training in these institutions.

Supporting the Disadvantage:

School Adoption

As we strive to improve communities we live in, Cummins C&G has have adopted the Treeside School for the Deaf, giving them a chance to nurture their talents and get get a fair chance of life, by donating necessities to the pupils.

Road Safety:

Training

To help fight against road accidents in Kenya, we have rolled out an extensive road safety campaign program which targets motorcycle and three wheeler drivers, mechanics and users in Kenya.

Mechanics training programmes

We have developed a programme of training juakali mechanics in order to keep them up to speed technically so that they can maintain our products, and earn a living. At C&G, we believe that our business impacts on lives on so many people.

Environment:

Water pans

C&G, Cummins Inc (through the Cummins Foundation) and the Lions Club of Mombasa constructed two dams at over Kshs 3m to aid residents to harvest rain water for farming in order to reduce the perennial problem of starvation. The dams have a capacity of holding 5m liters of water each

Tree planting

To help rehabilitate degraded forest land in Kenya, Cummins C&G has partnered with the East African Wild Life Society, Kijabe Environment Volunteers and Kenya Forest Service to plant trees across the country.

TVS COMOKA NA GARI

TVS PROMOTION: Vijay Gidoomal (centre), Chief Executive Officer of Car and General Trading Limited, George Rubiri (right), General Manager for Consumer Products, Kevin Mubadi(second left), National Chairman BodaBoda Safety Association of Kenya cut a ribbon to officially launch the TVS “Chomoka na Gari” Promotion together with Evans Asawo (left), the Head of Marketing and Business Development of Watu Credit and Arun Shama(second right) IB, TVS Motors India. This will run for eight weeks and will reward a lucky TVS buyer with a Toyota Vitz. There will also be monthly draws for 16 TVS motorcycles and weekly prizes of 64 Samsung TVs and 64 sub woofers.



TVS CHOMOKA NA GARI PROMOTION



Car & General Trading Limited launched a TVS motorcycle promotion dubbed, “TVS Chomoka na Gari” on December 18, 2020. This campaign will reward a lucky TVS buyer with a Grand Prize of a Toyota Vitz.

There will also be 16 TVS HLX 100 motorcycles which will be awarded monthly and 64 inch Samsung TVs and 64 sub woofers up for grabs on a weekly basis. The competition will be divided into eight regions which are Nairobi, Mt Kenya, Nyanza, Upper Rift, Lower Rift, Coast, Western and Eastern.

Raphael Atanda, the Company's Marketing and Communications Manager said, “Participation in this promotion is through the purchase of TVS motorcycles from Car and General outlets and any of our authorized dealers countrywide by cash, or through Watu Credit finance. Each bike purchased has one entry coupon which upon scratching will reveal a code that the customer will send to a defined short code to enter the promotion”.

“We have partnered with Watu Credit to offer a point of sale credit option that allows purchasers to buy TVS motorcycles by affordable monthly installments. This gives consumers fast access to reliable credit”, he concluded.

Vijay Gidoomal, the Car and General Trading Limited Chief Executive Officer explained, “The Betting Control and Licensing Board has approved this promotion which will enable us to reward our customers. Electronic shuffling will be used to choose the winners and this will be carried out by Interactive Media Services”.