



THE KENYA POWER AND LIGHTING PLC

99TH AGM 2021 ON 1ST APRIL 2021

QUESTIONS FROM SHAREHOLDERS 2019/2021

No.	Questions and Answers
1.	<p>This is a monopoly industry!how can you be making loses?make us u/stand?</p> <p>KPLC operates under a highly regulated business environment where electricity prices are not dictated by market forces but are pre-determined in a tariff arrangement. The main factors that contributed to poor performance over the period include slow economic growth arising from the negative effects pf the COVID-19 Pandemic, depreciation of the Kenya shilling and accounting provisions.</p>
2.	<p>Whatever we do, let us ensure the company returns to profitability and check the corruption question when we are seeking services.</p> <p>Agreed. The Company is undertaking a number of key strategic initiatives to improve financial results of the Company going forward. Our immediate focus areas are to grow electricity sales, improve revenue collection, reduce system losses and manage operational costs.</p>
3.	<p>Are KPLC's plans to reduce trade payables and finance costs? Is the company actively pursuing increasing tariff rates and what is the likely outcome of these discussions with/by EPRA? What is the likely outcome of discussions by the company to renegotiate it's PPAs? What is the progress of removing EPRA from PPA negotiations?</p> <p>To reduce the trade payables and finance costs;</p> <ul style="list-style-type: none"> • The company is debt refinancing to reduce on both interest and principle on loans to free the cash flow and ensure positive working capital. • The payables are being are being scheduled to ensure continuous reduction and accelerated partnerships especially with government ministries to support in debt collection and use of private debt collectors to collect the long outstanding debts. • The company is also accelerating debt collection mechanisms through the heightened field presence activities, mobile App such as *977# to increase payment options.
4.	<p>What has the company done in collecting debts from the government, government institutions, and county government?</p> <p>KPLC is actively engaging the Government to ensure all outstanding bills are paid on time. Further, we have assigned revenue collectors and key account managers to pursue all debt owed to the Company by Government agencies, county</p>

No.	Questions and Answers
	Governments and other institutions.
5.	<p>When is the government paying the accumulated amount it owe kenya power.</p> <p>We have petitioned the government for budgetary allocation to clear debt owed to KPLC.</p>
6.	<p>I am Irungu kimani from Thika cds 6463100 , the amount of directors fees according to what we know as shareholders is kshs,600 ,000 ,why now we see everybody getting 3m?</p> <p>Non-Executive Directors are paid a total of Shs 600,000 per annum as directors' fees. In addition, the directors are entitled to sitting allowance, honoraria for the chairman, transport and accommodation (outside Nairobi) allowances.</p>
7.	<p>I am Irungu kimani from Thika cds 6463100 ,as the accounts are very affected what is the state position of gearing ratio?</p> <p>Gearing ratio as at 30 June 2020 was 209%</p>
8.	<p>What action are you taking to address the current liabilities: current asset ratio which the auditors indicated adversely affect s the company as a going concern?</p> <ul style="list-style-type: none"> • The company is debt refinancing to reduce on both interest and principle on loans to free the cash flow and ensure positive working capital. • The payables are being are being scheduled to ensure continuous reduction and accelerated partnerships especially with government ministries to support in debt collection and use of private debt collectors to collect the long outstanding debts. • The company is also accelerating debt collection mechanisms through the heightened field presence activities, mobile App such as *977# to increase payment options.
9.	<p>I am Irungu kimani from Thika cds 6463100 ,on the P&L side I see a big loss why?</p> <ul style="list-style-type: none"> • Provision for expected credit losses • Provision due to change in policy for slow and non-moving inventories • Increase in unrealised foreign exchange due to depreciation of the Kenyan

No.	Questions and Answers
	shilling
10.	<p>I am Irungu kimani from Thika cds 6463100 ,on the O&L side I see huge borrowing of 94 b how did you came to this</p> <p>Aggressive connectivity and grid reinforcement programmes that were necessitated by the Government's target of achieving universal access by 2022. This necessitated borrowings to fund these long-term projects.</p>
11.	<p>I am Irungu kimani from Thika cds 6463100,on the balance sheet ,the trade and other payables overtakes the trade and other receivables why and how ?</p> <p>The increased payables arose mainly due to the accelerated connectivity in support of the infrastructure. However, to reverse the position, the payables are being are being scheduled to ensure continuous reduction and accelerated partnerships especially with government ministries to support in debt collection and use of private debt collectors to collect the long outstanding debts. In addition, the Company is also accelerating debt collection mechanisms through the heightened field presence activities, mobile App such as *977# to increase payment options.</p>
12.	<p>How and more specifically when would you be able to reduce your heavy and debilitating finance costs and to what extent do you expect a reduction? Thank you.</p> <p>The company is debt refinancing to reduce on interest</p>
13.	<p>What measures has Board taken to address the negative working capital in the Company which has deteriorated over the last couple of years.</p> <p>The company is debt refinancing to reduce on both interest and principle on loans to free the cashflow and ensure positive working capital.</p> <p>The payables are being are being scheduled to ensure continuous reduction and accelerated partnerships especially with government ministries to support in debt collection and use of private debt collectors to collect the long outstanding debts.</p> <p>The company is also accelerating debt collection mechanisms through the heightened field presence activities, mobile App such as *977# to increase payment options.</p>

No.	Questions and Answers
14.	<p>I am Irungu kimani from Thika cds 6463100 ,on the Balance sheet ,it is questionable on the way you get borrowing since the current assets versas current liabilities the current ratio does not give you qualification on getting debts how do you get them?</p> <p>The Company was in compliance with all financial covenants during the year except for the current ratio. KPLC managed to obtain waivers from all the commercial lenders for breach of current ratio and has put in place measures to achieve the covenanted position</p>
15.	<p>I am Irungu kimani from Thika cds 6463100, on the key audit matter why is the state defaulting payment to the company for the work of Rural electrification?</p> <p>We have petitioned the government for budgetary allocation to clear debt owed to KPLC.</p>
16.	<p>As a monopoly that is competing only against small power producers, why is KPLC, a great company, making so much loss?</p> <p>KPLC operates under a highly regulated business environment where electricity prices are not dictated by market forces but are pre-determined in a tariff arrangement. The main factors that contributed to poor performance over the period include slow economic growth arising from the negative effects pf the COVID-19 Pandemic, depreciation of the Kenya shilling and accounting provisions.</p>
17.	<p>On the P&L side why is the administration cost going high? Also the finance cost is also high why?</p> <p>Administration costs increased mainly due to enhanced impairment of inventories due to a change in policy where all inventories over three years is fully impaired. Finance costs increased due to rise in unrealized foreign exchange losses as a result of depreciation of the Kenya Shilling against the world major currencies.</p>
18.	<p>Which is the way forward as the company keeps on making huge losses year after year. Things are not good at all as this company is a monopoly yet a service provider, what if is it collapse like other government company? Kindly tell us where the problem is, is it poor management or what is eating the other?</p> <p>The Company is undertaking a number of key strategic initiatives to improve financial results of the Company going forward. Our immediate focus areas are to grow electricity sales, improve revenue collection, reduce system losses and manage operational costs.</p>