THE REPUBLIC OF UGANDA
IN THE MATTER OF THE COMPANIES ACT, CAP 106
AND
IN THE MATTER OF THE COMPANIES (POWERS OF THE REGISTRAR) REGULATIONS S.I. NO. 71 OF 2016
AND
IN THE MATTER OF IGARA GROWERS TEA FACTORY LIMITED
AND
IN THE MATTER OF COMPANY APPLICATION NO. 44441 OF 2026
BRN: 80010000044441

1. **BATANGAYA ASUMAN**
2. **BASHAASHA WILLIS**
3. **RONALD RWANKANJI**
4. **HANNINGTON KATARIKAWE**
5. **AGABA TURIKWENDERA GODFREY::::::::::::::::::::::::::::::::::::::APPLICANTS**

VERSUS

IGARA GROWERS TEA FACTORY LIMITED ::::::::::::::::::::::::::::::RESPONDENT

RULING

Before: Daniel Nasasira - Assistant Registrar of Companies

A. *Representation.*

1. *Counsel Kelvin Balyebuga and Kabemerika Margret from Hove & Quill Advocates appeared for the Applicants, whereas Counsel Edwin Tabaro and Innocent Ngoboka from KTA Advocates appeared for the Respondent.*

B. *Introduction and Background.*

2. Igara Growers Tea Factory Limited (hereinafter referred to as "the Company") is a public company duly incorporated on 12th August 1969 under the laws of Uganda. The Company is owned by over 7,000 tea-farmer members drawn from five operational zones in South-Western Uganda and constitutes one of the significant agro-processing enterprises in that region.

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3. The Applicants are shareholders and members of the Company who contend that the governance of the Company has been afflicted by a serious constitutional and administrative crisis arising from contested electoral and directorial processes, the alleged expiry of the incumbent Board's mandate, and a pattern of alleged financial mismanagement that has occasioned substantial prejudice to the Company, its members, employees, and farmer out-growers.
4. The Application was supported by over 382 shareholders owning a total of 117,869 shares in the Company, and was further supported by sworn evidence of two former workers of the Company, namely Natukunda Winnie, Work ID No. 128, and Mbendiho John, Work ID No. IG0083, who gave evidence in support of the financial and operational grievances raised.

C. <u>Applicant's case.</u>

5. The Applicants are shareholders and members of Igara Growers Tea Factory Limited ("the Company"), a public company incorporated on 12th August 1969 and owned by over 7,000 tea-farmer members drawn from five operational zones in South-Western Uganda. They contend that the governance crisis giving rise to the present proceedings has its origins in the Company's constitutional and electoral processes under its Amended Articles of Association adopted in 2017.
6. According to the Applicants, on 31st January 2025, the Company convened an Extraordinary General Meeting at which a special resolution was passed authorizing the then Board of Directors to continue managing the affairs of the Company only up to August 2025, by which time the combined Annual General Meetings for the years 2022, 2023 and 2024 were to have been held. The Applicants contend that this resolution imposed a limitation on the Board's mandate, which consequently expired on 31st August 2025.
7. The Applicants state that, notwithstanding the impending expiry of the Board's mandate, the Company Secretary, by an invitation dated 9th July 2025, invited shareholders from the five operational zones to submit nominations for election

to the Board of Directors in preparation for an Annual General Meeting scheduled for 17th October 2025.

8. The Applicants aver that following the nomination process, the Company Secretary announced on 25th August 2025 that ten applicants had been successfully vetted and that five individuals had been declared "Directors Elect" pending confirmation by the Annual General Meeting. However, the Applicants contend that the vetting process was fundamentally flawed because the Vetting Committee was improperly constituted contrary to Article 81 of the Company's Amended Articles of Association.
9. In particular, the Applicants allege that Mr. Samuel Muhereza, the then Board Chairperson, who was retiring within the meaning of Article 81, unlawfully presided over the Vetting Committee instead of allowing the Deputy Chairperson or another director to assume that role. They further contend that the Zone Chairpersons who sat on the Vetting Committee had themselves ceased to hold office after the expiry of their mandates in 2022.
10. The Applicants further assert that during the vetting process, concerns arose regarding the authenticity of the academic qualifications submitted by one of the candidates, Mr. Twesigye John. They rely on letters dated 3rd September 2025 from Nyakabanga Secondary School and 5th September 2025 from Kyabugimbi Secondary School, which allegedly failed to authenticate the credentials submitted. The Applicants contend that despite these concerns, the Vetting Committee accepted the said credentials and that subsequent requests by shareholders to inspect the qualifications of other candidates were refused by the Company Secretary.
11. The Applicants state that the Company thereafter issued a notice convening an Annual General Meeting for 17th October 2025 to confirm the persons declared as Directors Elect. However, they contend that the meeting was not concluded because it was dispersed by the outgoing Board Chairperson, allegedly through a misrepresentation of the effect of an interim court order.

12. The Applicants further aver that on 13th October 2025, one of the Company's members, Mr. Nshumbusha Richard, instituted proceedings before the High Court challenging the management of the Company's affairs. They state that on 16th October 2025, the High Court issued a temporary injunction restraining the installation of the purportedly elected directors.
13. According to the Applicants, the proceedings were subsequently transferred to the High Court at Bushenyi and consolidated with an application seeking intervention by the Registrar of Companies. They contend that on 22nd May 2026, the High Court dismissed the proceedings on procedural grounds without determining the substantive issues and observed that the matters complained of were more appropriately dealt with by the Registrar of Companies.
14. The Applicants further state that the Uganda Registration Services Bureau had, in pleadings filed before the High Court, acknowledged that the mandate of the previous Board had expired in August 2025. They therefore contend that since that date, the Company has operated without a lawfully constituted Board of Directors.
15. The Applicants aver that notwithstanding the alleged expiry of the Board's mandate, the Company Secretary caused to be published, on 1st June 2026, a notice convening an Annual General Meeting of the Company for 24th June 2026. They contend that the convening of the said meeting constituted an unlawful usurpation of corporate authority by persons whose mandate had already lapsed.
16. The Applicants allege that the Company has, during the period of the disputed administration, suffered extensive financial and operational distress. They state that employees of the Company's factories at Igara and Buhweju had gone unpaid for approximately seven months, resulting in salary arrears estimated at UGX 1.4 billion.

17. They further contend that the Company had failed to remit statutory deductions to the National Social Security Fund (NSSF) amounting to approximately UGX 1.7 billion and had similarly failed to remit deductions made from employees for Savings and Credit Cooperative Society contributions.
18. The Applicants also allege that farmer out-growers who supplied green tea leaves to the Company remained unpaid to the tune of approximately UGX 6 billion despite the tea having been processed, sold through the Mombasa tea auction, and the proceeds received by the Company. They state that they had previously lodged a complaint concerning these matters with the State House Anti-Corruption Unit on 26th March 2026.
19. According to the Applicants, the Company's total indebtedness had risen to approximately UGX 21.1 billion, comprising tax arrears owed to the Uganda Revenue Authority (URA), unpaid NSSF contributions, salary arrears, debts owed to out-growers, suppliers, and financial institutions. They contend that the Company's continued receipt of proceeds from tea sales, coupled with its failure to meet these obligations, points to diversion, misapplication, or gross mismanagement of the Respondent Company funds.
20. Mr. Ronald Rwankanji testified that he is a shareholder of the Company, a green-leaf tea supplier, and has served as a member of the Board since 2021. He stated that he is conversant with the Company's Memorandum and Articles of Association as amended on 10th November 2017.
21. He testified that he participated in the Extraordinary General Meeting held on 31st January 2025 and confirmed the contents of the resolution adopted at that meeting extending the tenure of the Board up to 8th August 2025, which resolution was tendered in evidence. According to his testimony, no subsequent General Meeting has been successfully convened, as a meeting scheduled for 17th October 2025 was cancelled by the Acting Chairperson. He consequently asserted that no legitimately constituted Board presently exists.

22. Mr. Rwankanji further produced a notice of default issued by DFCU Bank in relation to a Company loan facility and also tendered evidence relating to workers' complaints and demonstrations arising from the non-payment of salaries.
23. Mr. Bashaasha Willis testified that he has been a shareholder and farmer-supplier of the Company for approximately fifteen years. He stated that, to the best of his knowledge, the last Annual General Meetings of the Company were held in 2017 and 2023.
24. He testified that he participated in the impugned Board election process and unsuccessfully sought election to the Board through the vetting process under challenge. According to his evidence, the tenure of the vetting committee had itself expired by the time it undertook the disputed vetting exercise. He further testified that he subsequently lodged a complaint before the Registrar of Companies challenging the legality of the current Board.
25. Mr. Bashaasha also testified that the Company has been indebted to him in the sum of approximately UGX 29,000,000 for tea supplies made since 2023, and he produced receipts in support of his claim.
26. Mr. Agaba Turikwendera Godfrey testified that he is a shareholder through the estate of the late Mr. A.N Turikwendera and is also a farmer and transporter who has rendered services to the Company.
27. He stated that over a period of approximately three years, the Company accumulated indebtedness to him amounting to approximately USD 100,000, evidenced by invoices that were produced before the Registrar of Companies, and that no response had been received to his demands for payment.
28. He further testified that the Company had failed to remit taxes amounting to approximately UGX 2 billion and that the Uganda Revenue Authority had consequently placed a lien over Company accounts reportedly valued at approximately UGX 20 billion. He also testified that a previously sanctioned

audit had failed to establish a discernible trail of how Company funds had been utilised and that no action had been taken following the findings of that audit.

29. Mr. Nshumbusha Richard also testified that he is a shareholder and tea supplier and was the litigant in the earlier proceedings instituted in the High Court in Bushenyi.
30. He identified the members of the vetting committee and testified that their appointments originated in 2017, with the tenure of at least one committee member having expired by 2022. He further testified to various irregularities in the vetting process, including an instance where a candidate, Mr. Twesigye John, was initially approved and subsequently disqualified following a challenge.
31. Ms. Natukunda Winnie testified that she is employed as a factory worker and earns a monthly salary of UGX 175,500.
32. She testified that deductions were regularly made from her salary towards a Company-administered savings scheme (SACCO), Pay As You Earn (PAYE) tax amounting to approximately UGX 20,000, and National Social Security Fund (NSSF) contributions. She further testified that she had not been paid her salary and that, despite demands, the deducted SACCO contributions had not been remitted. According to her evidence, she was informed that the remittances would only be made once the Company itself received funds.
33. Mr. Mbendiho John testified that he has worked as a dryer attendant for approximately fifteen years and earns a monthly salary of about UGX 175,500, from which deductions of approximately UGX 12,000 are made for PAYE and NSSF contributions.
34. He confirmed the existence of the Company SACCO scheme and further testified that remittances to the workers' union, which had been made since approximately 2012, were suspended by the Company in 2022, with workers still awaiting an account of the outstanding balance. He also referred to a

resolution concerning the payment of a fair-trade premium to workers and requested that the same be admitted into evidence.

35. On the basis of the foregoing allegations, the Applicants invoked Sections 169 and 170(b) of the Companies Act, Cap. 106, and sought, among other reliefs, a declaration that the mandate of the previous Board expired in August 2025. The Applicants also sought an order restraining persons purporting to act as directors, the convening of a lawful general meeting, the rejection of filings arising from the impugned processes, and the appointment of inspectors to investigate the affairs and management of the Company.

D. <u>Respondent's case.</u>

36. KTA Advocates filed a response on behalf of the Respondent Company. In the response, it was stated that the Respondent Company is a public company comprising approximately 7,561 *bona fide* tea-farmer shareholders drawn from the South-Western Region of Uganda, and it was acknowledged that the complainants are shareholders of the Company.

37. It was contended that the governance structure of the Company is regulated by its Articles of Association, particularly Article 77, which provides that directors remain in office until removed in accordance with the provisions of the Companies Act, by special resolution of shareholders, or until their offices are otherwise vacated in accordance with the Articles.

38. It was averred on behalf of the Respondent Company that during the 22nd Annual General Meeting of the Company, shareholders resolved that elections of directors would first be conducted within the Company's five electoral zones, after which the persons elected would be presented to the Annual General Meeting for confirmation.

39. Pursuant to that resolution, it was argued that on 9th July 2025, the Respondent Company issued a public notice inviting expressions of interest and nominations from eligible members seeking election to the Board of Directors.

40. That following the vetting process, the Respondent Company published on 25th August 2025 the names of candidates who had successfully qualified to contest in the elections. No objections or complaints were raised by any of the present complainants regarding the vetting process at that stage.

41. That with the exception of Mr. Bashaasha Willis, none of the complainants participated as candidates in the electoral process. It was averred that Mr. Bashaasha Willis was successfully vetted, contested for the position of Director representing Bitereeko Zone, participated fully in the election, and was defeated by Mr. Bainomugisha Leonard.

42. It was argued that the Respondent Company intended to convene an Annual General Meeting on 17th October 2025 for purposes of confirming the directors-elect. However, on the eve of the meeting, the High Court, presided over by Hon. Justice Simon Kinobe, issued interim orders restraining the confirmation of the directors-elect at the Annual General Meeting.

43. That as a consequence of the court order, the Annual General Meeting could not lawfully proceed to completion and no vacancies arose in the offices of the incumbent directors. It was therefore maintained that the existing Board continued to hold office by operation of Article 77 of the Articles of Association.

44. The Respondent Company disputed the complainants' reliance on the resolution passed on 31st January 2025, which extended the Board's tenure up to August 2025. It was argued that the said resolution was intended merely to facilitate an orderly transition to a newly elected Board and did not amend, override or limit the operation of Article 77 of the Articles of Association.

45. It was further stated that during the period following the aborted Annual General Meeting of October 2025, the Company continued to face significant financial challenges affecting the tea industry generally, arising from prevailing national and international economic conditions.

46. According to the Respondent Company’s legal representatives, these financial challenges were openly communicated to shareholders and stakeholders and

were acknowledged by the Government of Uganda, including the President of the Republic of Uganda. The Respondent's legal counsel averred that Government subsequently engaged with the leadership of struggling tea factories, including the Respondent Company, with a view to implementing a financial bailout programme.

47. The Respondent Company's legal representatives further argued in their response that as part of the proposed Government intervention, a roadmap was developed requiring comprehensive audits of beneficiary tea factories by the Office of the Auditor General, and that Government also intervened regarding tax liabilities affecting tea factories through correspondence from the Ministry of Finance, Planning and Economic Development to the Uganda Revenue Authority.

48. With respect to allegations concerning employees' unpaid wages and emoluments, the Respondent's legal representatives contended that the complainants are not employees of the Company and therefore lacked standing to raise such complaints. Nevertheless, legal Counsel averred in their response that the Company has remained engaged with its employees and has instituted measures aimed at progressively settling outstanding employment obligations.

49. The Respondent Company's legal representatives further denied allegations of irregularity in the vetting and election of directors, maintaining that the electoral process was transparent and conducted in accordance with the Company's governing documents and that no procedural irregularity prejudicial to any candidate was demonstrated.

50. That on 24th June 2026, the Respondent Company duly convened and held the Annual General Meetings for the financial years 2022, 2023 and 2024, during which shareholders considered various matters raised by the complainants and formally confirmed the directors-elect, who thereafter assumed office.

51. The Respondent's legal representatives, KTA Advocates, raised several preliminary objections to the complaint. First, it was contended that the

Respondent Company had reasonable apprehension regarding the impartiality of the Registrar of Companies in handling matters relating to the Company's affairs. Secondly, it was argued that there is a pending suit instituted by the Company against the Uganda Registration Services Bureau, the outcome of which bears directly on the issues raised in the present complaint. Thirdly, it was contended that the holding of the Annual General Meetings on 24th June 2026 rendered substantial portions of the complaint moot. Finally, it was argued that allegations of fraud fell outside the administrative jurisdiction of the Registrar of Companies.

52. The Respondent's legal representatives further contended that the complaint was not brought in good faith. The credibility of the complainants was challenged. It was argued that Mr. Batangaya Asuman was indebted to the Company in the sum of UGX 5,686,827/=; that Mr. Agaba Turikwendera Godfrey was not a registered shareholder and is associated with an outstanding indebtedness of UGX 451,625,231/=; that Mr. Hannington Katarikawe previously served as a director but ceased to hold office after his academic qualifications were found to be unauthentic; and that Mr. Ronald Rwankaji was suspended from the Board in 2024 and unsuccessfully challenged that decision before court. It was therefore argued that the Complainants themselves were not competent to bring the present Application.

53. On the basis of the foregoing, the Respondent's legal representatives prayed that the complaint be considered in light of the response and maintained their willingness to cooperate with the Registrar by providing any further information or documentation that may be required. However, during the hearing, the Respondent's legal representatives and contested Board members unceremoniously vacated the proceeding on grounds that the Registrar of Companies was not a neutral/independent body to preside over the Complaint.

E. <u>Applicants' Rejoinder</u>

54. The Applicants' legal representatives in rejoinder maintained the complaint in its entirety and contended that the Respondent's response failed to address the substance of the complaint and, in several respects, corroborated the allegations made by the Applicants.

55. Regarding the Respondent's preliminary objection alleging bias on the part of the Registrar of Companies. It was argued that the allegation was premature and unsupported by any iota of evidence because the Registrar had neither heard nor determined the complaint. The Applicants legal representative argued that the Registrar's delegated officer, Marion Tugumisirize, merely stated a fact in her affidavit in a Court proceeding where the Registrar had been added as a party. This fact indeed appears on a Company resolution duly registered and uncontested by the Respondent Company. The resolution provided a fact that the Company's Board had ceased to exist after August 2025. It was argued that the High Court at Bushenyi had itself, in *obiter*, referred the parties to the Registrar as the appropriate forum, well aware of this fact and the affidavit sworn by the said officer.

56. It was argued that the Respondent's assertion that there exists a pending suit against the Uganda Registration Services Bureau affecting the present complaint was not a bar to the present Application. The Applicants' legal Counsel argued that the suit in question was the Respondent's own judicial review application seeking to restrain the Registrar from hearing the complaint. It was contended that no order staying the proceedings before the Registrar had been granted and that the judicial review proceedings concerned only the Registrar's jurisdiction rather than the substantive issues raised in the complaint.

57. The Applicants' legal Counsel further addressed the Respondent's contention that the Annual General Meetings purportedly held on 24th June 2026 rendered the complaint moot. It was argued that the said meetings were convened by persons whose mandate had already expired and that persons acting without

authority could not validly convene a general meeting or confer authority upon themselves through such a process.

58. According to the Applicants' legal representative, the Respondent Company's response admitted that the Board's tenure had been extended only up to August 2025 by the resolution passed on 31st January 2025. It was contended that the purported meetings of 24th June 2026 constituted fresh evidence of the unlawful exercise of corporate authority complained of and that the resolutions and returns arising from those meetings were among the documents the Applicants sought to have the Registrar reject and expunge.

59. The Applicants further maintained that the alleged confirmation of directors at the meetings of 24th June 2026 did not address the substantive complaints relating to unpaid wages, unremitted statutory deductions, tax liabilities, unpaid suppliers, unpaid farmer-outgrowers and the management of proceeds from tea sales.

60. The Applicants additionally contended that the Respondent's position is internally inconsistent because, on one hand, it asserts that the incumbent Board never ceased to hold office under Article 77 of the Articles of Association, while on the other hand, it asserts that newly elected directors assumed office on 24th June 2026.

61. In response to the Respondent's argument that allegations of fraud fell outside the Registrar's jurisdiction, the Applicants' legal Counsel clarified that they did not seek a determination of criminal fraud but rather sought to invoke the Registrar's investigative powers under Section 170(b) of the Companies Act Cap. 106, which expressly permits investigations where circumstances suggest fraud, misfeasance or other misconduct.

62. Turning to the merits of the complaint, the Applicants maintained that the Board's mandate lapsed in August 2025 by virtue of the resolution passed at the Extraordinary General Meeting of 31st January 2025. They contended that

the Respondent improperly conflated the tenure of individual directors with the continued existence of the Board as a corporate organ.

63. The Applicants further argued that the Respondent's characterization of the January 2025 resolution as merely transitional could not override its express effect of limiting the Board's authority up to August 2025. They maintained that the Uganda Registration Services Bureau had itself, through an affidavit filed by its officer, Marion Tugumisirize, acknowledged this position in pleadings filed before the High Court of Bushenyi.

64. With respect to the election of directors, the Applicants maintained that the vetting process was fundamentally defective due to the participation of persons who lacked authority to serve on the Vetting Committee and due to failures in verifying candidates' academic qualifications. They contended that the Respondent's own evidence confirmed that at least one candidate's qualifications could not be authenticated.

65. The Applicants further argued that the Respondent's assertion that no objections were raised during the vetting process ignored the fact that shareholders' requests to inspect the qualifications of candidates were refused, thereby frustrating shareholder oversight.

66. Regarding the allegations of unpaid salaries and employee benefits, the Applicants contended that they did not raise these matters as personal claims but rather as evidence of mismanagement of the Company's affairs, which falls squarely within the scope of the Registrar's investigative powers. In fact, the Applicants presented sworn evidence of two former workers of the Respondent Company, that is, Natukunda Winnie Work ID No. 128 and Mbendiho John Work ID No. IG0083, who led evidence in support of the above claims. In addition, the Application was supported by over 382 shareholders owning a total of 117,869 shares of the Company.

67. The Applicants further stated that the Respondent effectively admitted the existence of salary arrears by acknowledging that it has put in place measures

to settle outstanding employment obligations. They similarly maintained that the Respondent has not disputed the allegations concerning unremitted National Social Security Fund contributions and unremitted Savings and Credit Cooperative Society deductions.

68. In relation to the Company's financial position, the Applicants contended that the Respondent's reliance on general economic hardship affecting the tea industry failed to answer the specific allegations raised. They maintained that despite continuing to sell tea through the Mombasa auction and receiving the proceeds thereof, the Company accumulated liabilities estimated at approximately UGX 21.1 billion owed to employees, farmers, statutory bodies, suppliers and financial institutions.

69. The Applicants further argued that the Respondent's reliance on a proposed Government bailout programme and a special audit by the Auditor General supported rather than undermined their complaint, since both interventions presupposed the existence of financial and governance problems requiring investigation.

70. The Applicants rejected the Respondent's allegations concerning the personal credibility of the complainants. They contended that such allegations were irrelevant to the substantive complaint, which concerned the management of the Company's affairs and was brought on behalf of the general body of shareholders.

71. The Applicants further contended that the alleged indebtedness of Mr. Batangaya Asuman merely reflected ordinary farming input accounts; that the amount allegedly owed by Mr. Agaba Turikwendera Godfrey was, according to the Respondent's own documents, attributable to a transporter rather than to the complainant personally; that allegations concerning Mr. Hannington Katarikawe's academic qualifications reinforced concerns about deficiencies in the Company's verification processes; and that the dismissal of Mr. Ronald

Rwankaji's court challenge regarding his suspension did not determine any of the issues raised in the present complaint.

72. The Applicants therefore maintained that the complaint fell squarely within the Registrar's jurisdiction under Sections 168 to 176 of the Companies Act Cap. 106 and Regulations 8 and 9 of the Companies (Powers of the Registrar) Regulations, S.I. No.71 of 2016.

73. On that basis, the Applicants prayed that the preliminary objections be dismissed, that the Registrar assume jurisdiction over the complaint, appoint inspectors to investigate the affairs of the Company under Sections 169 and 170 of the Companies Act, reject and expunge documents emanating from meetings convened by persons lacking authority, facilitate the recovery of any misapplied company property through the mechanisms provided under the Companies Act, and leave the convening of any lawful general meeting to the High Court.

F. *Issues*

74. I have carefully considered the complaint lodged by the Applicants, the Respondent's response thereto, the Applicants' rejoinder, and all the evidence placed on record. I have likewise considered the respective arguments advanced by the parties and the applicable provisions of the Companies Act and the Company's governing instruments. Upon a critical evaluation of the pleadings, the evidence, and the law, I am of the considered view that the present dispute raises several questions of fact and law which, for purposes of orderly determination, may be condensed into the following issues for determination by the Registrar of Companies:

    a) *Whether the preliminary objections raised by the Respondent are meritorious and sufficient in law to oust or limit the jurisdiction of the Registrar to entertain and determine the complaint?*

    b) *Whether the Company presently has a lawfully and validly constituted Board of Directors vested with authority to manage its affairs?*

c) *Whether the facts disclosed on the record establish circumstances warranting the exercise of the Registrar's investigative powers, including the appointment of one or more inspectors under the applicable provisions of the Companies Act?*

d) *What remedies are available to the parties?*

G. ***Determination***

a) ***Whether the preliminary objections raised by the Respondent are meritorious and sufficient in law to oust or limit the jurisdiction of the Registrar to entertain and determine the complaint?***

75. Before proceeding to determine the substantive issues, it is necessary to address the preliminary objections raised by the Respondent, as their resolution will determine the scope within which the substantive issues fall to be considered. The Respondent raised four preliminary objections, namely: bias on the part of the Registrar; the pendency of a suit against the Uganda Registration Services Bureau; mootness by reason of the Annual General Meetings held on 24th June 2026; and the alleged absence of jurisdiction to determine allegations of fraud. Each is addressed in turn.

i) **On the Objection of Bias**

76. The allegation of bias or predetermination on the part of the Registrar of Companies is founded entirely on an affidavit sworn by Marion Tugumisirize, an officer of the Uganda Registration Services Bureau, in prior court proceedings at the High Court of Bushenyi, in which it was stated that the mandate of the Company's Board of Directors had expired in August 2025. The Respondent contends that by deposing to that fact, the Registrar's officer effectively predetermined one of the central issues in the present complaint, thereby tainting the entire process before the Registrar of Companies with actual or apprehended bias. With respect, this contention fundamentally mischaracterises the nature and effect of the affidavit in question and cannot be sustained in law or in fact.

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77. The legal standard for establishing bias against a quasi-judicial decision-maker is well settled. In *Pastoli v Kabale District Local Government Council & Others* [2008] 2 EA 300, the Court held that to establish bias, an applicant must demonstrate specific conduct on the part of the decision-maker that reveals either a personal interest in the outcome of the matter or a clear predetermination of the issues such that the decision-maker's mind is closed to argument. Mere suspicion or apprehension, unsupported by concrete evidence of prejudgment, is insufficient to displace the presumption of impartiality that attaches to public officers and quasi-judicial bodies in the discharge of their statutory functions. Similarly, in *R v Sussex Justices, ex parte McCarthy* [1924] 1 KB 256, Lord Hewart CJ articulated the foundational principle that justice must not only be done but must manifestly and undoubtedly be seen to be done — a principle that, while important, requires an objective assessment of whether a fair-minded and informed observer would conclude that there was a real possibility of bias, not merely a speculative one.

78. Applying those principles to the present matter, the affidavit sworn by Marion Tugumisirize did not constitute a determination of any disputed issue, express any opinion on the merits of any complaint, or prejudge any question of fact or law that falls to be decided in the present proceedings. The affidavit did no more than record a fact that appeared on the face of a duly registered, publicly accessible, and uncontested company resolution, namely the resolution passed at the Extraordinary General Meeting of 31st January 2025, which is a document on the public register of the Company maintained by this Registry in the ordinary course of its administrative functions. The recording of a fact that appears on the face of an uncontested public document cannot, without more, amount to predetermination. A distinction must be drawn, as it consistently has been in the authorities, between a decision-maker who has expressed a concluded view on a contested question of fact or law and one who has merely noted or recorded an uncontested public fact in the discharge of an

administrative function. The former may raise a legitimate concern about predetermination, the latter does not.

79. This distinction was affirmed in a persuasive decision of *Locabail (UK) Ltd v Bayfield Properties Ltd* [2000] QB 451, where the Court of Appeal held that a judge or quasi-judicial officer is not disqualified from deciding a matter merely because he or she has previously expressed a view on a point of law or noted a fact relevant to the proceedings, provided that the expression of that view or the noting of that fact does not reveal a closed mind on the specific issues in controversy. In the present case, the officer of this Registry did not express any view on whether the Board's mandate had in fact expired as a matter of law, did not make any finding as to the consequences of any such expiry, and did not prejudge any of the issues that fall for determination in the present complaint. The affidavit was filed in a different proceeding, for a different purpose, and in a different procedural context.

80. Crucially, and of considerable significance, the High Court at Bushenyi was itself fully aware of the existence and contents of that affidavit at the time it dismissed the prior proceedings and advised the parties that the matters complained of were more appropriately dealt with by the Registrar of Companies. If the affidavit had the effect of rendering this Registry an inappropriate or compromised forum, the High Court — which is a court of record and the supervisory authority over inferior tribunals and quasi-judicial bodies — would not have referred the parties to this Registry. The High Court's referral, made with full knowledge of the affidavit, constitutes a significant judicial endorsement of this Registry as the appropriate and competent forum to receive and determine the present complaint and is wholly inconsistent with the Respondent's assertion that the Registrar is incapable of impartially adjudicating the matter.

81. It is further observed that the Respondent's preliminary objection on the ground of bias was raised not through any formal application supported by

evidence as required under Section 286 of the Companies Act, Cap 106, but rather as a general contention advanced in the course of the proceedings and, significantly, served as the stated ground upon which the Respondent's legal representatives and the contested Board members elected to vacate the proceedings entirely. The abrupt withdrawal of a party from proceedings that they are not minded to engage with in good faith does not, of itself, establish that the forum before which those proceedings are pending is biased or compromised. To permit a party to contrive an allegation of bias as a justification for refusing to participate in proceedings, and thereafter rely on that very non-participation as proof of the alleged bias, would be to endorse a course of conduct fundamentally incompatible with the principles of procedural fairness, good faith, and the orderly administration of justice.

82. For all the foregoing reasons, the preliminary objection of bias and predetermination is without foundation in law or in fact and is accordingly dismissed.

ii) **On the Pending Suit Against the Uganda Registration Services Bureau**

83. The Respondent's second preliminary objection is that a pending suit against the Uganda Registration Services Bureau operates as a bar to the present proceedings. The Applicants correctly identified the suit in question as the Respondent's own judicial review application seeking to restrain the Registrar from entertaining this complaint. No order staying the present proceedings was produced or demonstrated to have been granted by a Competent Court. It is a well-established principle that the mere filing of proceedings does not operate as an automatic stay of related proceedings in another forum, and that a stay can only be granted by an order of a competent court. In the absence of any such order, the present proceedings were not barred.

84. The Respondent, through its learned Counsel, further invoked Regulations 4(1) and 4(2)(b) of the Companies (Powers of the Registrar) Regulations, S.I. No. 71

of 2016, and argued that the present proceedings before the Registrar of Companies were barred by reason of the pendency of judicial review proceedings before the High Court. With respect, I am unable to agree with Counsel's interpretation and application of Regulation 4 in the circumstances of this case.

85. Regulation 4 (1) of the Companies (Powers of the Registrar) Regulations SI No. 71 of 2016 provides that the Registrar shall not hear any matter or application pending before Court which has been brought to his or her notice. Regulation 4 (2)(b) continues to provide that, *'for the purposes of this regulation, in determining whether a matter is pending before Court, the following shall apply – civil proceedings shall be deemed to be before court when arrangements for hearing, such as setting down matters for hearing have been made, until the proceedings are ended by judgment, settlement or withdrawal.'*

86. In my considered view, the foregoing provision is intended to prevent the concurrent adjudication of substantially the same dispute before the High Court and the Registrar of Companies, particularly where the issues for determination, the reliefs sought, and the factual and legal questions arising for consideration are identical or substantially similar. Its purpose is to avoid duplicity of proceedings, conflicting decisions, and abuse of process.

87. In the present matter, however, I find that the proceedings before the High Court and those before the Registrar are fundamentally distinct both in character and in substance. The proceedings pending before the High Court are judicial review proceedings, whose primary purpose is to challenge the legality, procedural propriety, and exercise of administrative authority. By contrast, the proceedings before the Registrar invoke the Registrar's statutory jurisdiction under the Companies Act to inquire into the affairs and management of a company and, where circumstances so warrant, to order an investigation or appoint inspectors to investigate the company's affairs.

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88. Accordingly, while the two proceedings may arise from a common factual background, they seek different remedies, invoke different jurisdictions, and call for the determination of different legal questions. The judicial review proceedings do not concern the merits of the allegations of mismanagement, corporate governance failures, or the propriety of an investigation into the affairs of the Company. Equally, the present proceedings do not require the Registrar to determine the legality of the judicial or administrative processes challenged before the High Court.

89. I therefore find that the matters before the High Court and those before the Registrar are neither identical nor substantially similar so as to trigger the operation of Regulation 4. Consequently, the Respondent's reliance on the said provision was misconceived and cannot operate as a bar to the exercise of the Registrar's statutory jurisdiction in the present matter.

90. This objection is also accordingly dismissed.

iii) **On the Question of Mootness**

91. The Respondent contends that the Annual General Meetings purportedly held on 24th June 2026 resolved the substantive complaints and rendered the present Application moot. This contention cannot be sustained. The doctrine of mootness applies where the issue in dispute has been conclusively resolved such that no live controversy remains and any determination would be of no practical effect. However, for the general meeting of 24th June 2026 to have that effect, it must first be established that the meeting was lawfully convened by persons with the requisite authority. That question — whether the Board that convened those meetings had a subsisting mandate — is precisely one of the central issues in this complaint. A party cannot, as a matter of law and principle, purport to resolve a dispute concerning the validity of its own authority by continuing to exercise that disputed authority and thereafter contend that the dispute has been rendered academic or overtaken by events. To permit such an approach would enable a party to unilaterally validate the

very conduct under challenge and thereby defeat the proper adjudication of disputes concerning corporate governance and authority.

92. In the present matter, I find considerable merit in the Applicants' contention that, if the persons who convened the general meeting of 24th June 2026 lacked lawful authority to do so, the holding of that meeting does not render the complaint moot. Rather, it constitutes further evidence of the very acts of usurpation and unlawful exercise of corporate authority complained of by the Applicants. Whether the said meeting was lawfully convened is itself one of the substantive questions requiring determination and cannot be presumed in favour of the Respondent at the preliminary stage.

93. Accordingly, I find that the Respondent's contention that the complaint has been overtaken by events is without merit and cannot operate as a bar to the determination of the substantive issues raised herein. The preliminary objection therefore fails.

iv) **On the question of Jurisdiction to Investigate Fraud.**

94. The final objection raised concerns the jurisdiction of the Registrar of Companies to investigate fraud. The Respondent argued that allegations of fraud fell outside the administrative jurisdiction of the Registrar of Companies. The Applicants, however, clarified that they did not seek a criminal determination of fraud but sought to invoke the Registrar's investigative powers under Section 170(b) of the Companies Act, Cap. 106. Section 170(b) expressly provides that the Registrar may appoint inspectors to investigate the affairs of a company where circumstances suggest that the affairs of the company are being or have been conducted with intent to defraud its creditors or members, or for a fraudulent or unlawful purpose, or in a manner oppressive of any part of its members, or in a manner that is unfairly prejudicial. This provision plainly confers jurisdiction on the Registrar to investigate circumstances giving rise to the allegations in the present complaint and the

section clearly mentions fraud as one of the indications that can lead to the said investigation. The preliminary objection therefore fails and is dismissed.

b. ***Whether the Company presently has a lawfully and validly constituted Board of Directors vested with authority to manage its affairs?***

95. At the heart of the present complaint lies the question whether the Board of Directors continued to hold office after August 2025. The Applicants contend that the Board's mandate came to an end by operation of the resolution passed at the Extraordinary General Meeting of 31st January 2025, which expressly extended the Board's authority only until August 2025. The Respondent, on the other hand, maintains that by virtue of Article 77 of the Company's Articles of Association, the incumbent directors remained lawfully in office until they were duly removed or replaced. It is further contended that because the Annual General Meeting scheduled for 17th October 2025, at which the directors-elect were to be confirmed, was halted by an interim order of the High Court, no vacancies arose in the offices of the incumbent directors, with the result that the Board continued to exercise its functions under Article 77.

96. It is trite that jurisdiction is a creature of statute, and no court, tribunal, or statutory body may assume jurisdiction beyond that conferred upon it by law. Proceedings conducted without jurisdiction are a nullity, however well intentioned. This principle was firmly established in *Baku Raphael & Another v Attorney General*, SCCA No. 1 of 2005, and was subsequently affirmed in *National Medical Stores v Penguins Ltd*, HCCS No. 29 of 2010.

97. The jurisdiction of the Registrar of Companies is similarly derived exclusively from the Companies Act, Cap. 106 and the Companies (Powers of the Registrar) Regulations, S.I. No. 71 of 2016. As observed by the learned Justice Musa Ssekaana in *Bryan Xsabo Strategy Consultants (Uganda) Limited & 2 Others v Great Lakes Energy Company N.V*, Company Cause No. 13 of 2020, the Registrar exercises a quasi-judicial mandate involving the determination of rival claims and the resolution of legal and factual disputes arising under the Companies

Act. The Court of Appeal in *Nakivubo Road Old Kampala (Kisekka) Market Vendors Ltd & Others V. Kayita Geoffrey & Others Consolidated Civil Appeals Nos. 0266 and 0297 of 2017* found that the Registrar has both the jurisdiction and the institutional competence to investigate complaints about the internal governance of companies, examine documents, conduct hearings, and make determinations on the validity of meetings, resolutions, and director appointments, in the exercise of the powers conferred under the Companies Act. The Registrar is therefore more than a mere administrative functionary; however, the exercise of that mandate remains confined to the limits prescribed by statute.

98. Those statutory powers include, among others, the jurisdiction to determine complaints of oppressive conduct under section 243 of the Companies Act, to rectify the Companies Register under Regulation 8 of the Companies (Powers of the Registrar) Regulations, and to order investigations into the affairs of a company under sections 169 to 177 of the Act. This position was reaffirmed in *Tumuhimbise v Turyamwijuka & 4 Others*, 2024 UGRSB 14.

99. The present complaint invokes the Registrar's investigative jurisdiction under sections 169 and 170 of the Companies Act and the rectification jurisdiction under Regulation 8 of the Companies (Powers of the Registrar) Regulations in respect of documents and filings arising from meetings allegedly convened after the expiry of the Board's mandate. Those matters properly fall within the jurisdiction of this Registry.

100. The dispute before the Registrar, however, raises a prior critical question concerning the governance of the Company. The Applicants contend that, by virtue of the resolution passed at the Extraordinary General Meeting of 31st January 2025, the Board's mandate expired in August 2025 and that every subsequent act undertaken by the Board, including the convening of the Annual General Meetings of 24th June 2026, was undertaken without lawful authority. The Respondent, on the other hand, maintains that Article 77 of the

Company's Articles of Association permitted the incumbent directors to remain in office until they were lawfully replaced, particularly because the intended Annual General Meeting of 17th October 2025 could not proceed following the issuance of interim orders by the High Court.

101. The dispute therefore turns upon the proper interpretation and legal effect of the resolution of 31st January 2025 vis-à-vis Article 77 of the Company's Articles of Association. Specifically, it raises the question whether a resolution of the general meeting expressly limiting the tenure of the Board prevails over, or is qualified by, the Articles of Association, and what legal consequences flow from the Board's continued exercise of corporate authority after August 2025.

102. In my considered view, that issue transcends the statutory jurisdiction of the Registrar. Although the Registrar is empowered to investigate the affairs of a company and rectify the register where appropriate, the interpretation of competing constitutional instruments governing the internal management of a company is a matter reserved for the High Court. It calls for an authoritative determination of legal rights and obligations arising under the Company's constitutional documents—a function that lies within the Court's inherent supervisory jurisdiction over corporate affairs.

103. This Registry can neither enlarge its statutory jurisdiction nor substitute its interpretation for that of a court of competent jurisdiction. To do so would risk issuing a determination that is ultimately inconsistent with a binding judicial pronouncement.

104. That said, I note that the public register contains a duly registered and uncontested resolution passed on 31st January 2025 expressly providing that the Board would continue managing the affairs of the Company only until August 2025. The existence and contents of that resolution are matters of public record. Whether, notwithstanding that resolution, Article 77 lawfully extended the tenure of the Board beyond August 2025 is a question that falls for determination by the High Court.

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105. Accordingly, the parties are directed to obtain an authoritative determination from the High Court on the legal effect of the unchallenged resolution passed at the Extraordinary General Meeting of 31st January 2025, which expressly limited the Board's tenure to August 2025. Upon receipt of that determination, the Registrar shall if required exercise the powers conferred under the Companies Act, Cap. 106 and the Companies (Powers of the Registrar) Regulations, S.I. No. 71 of 2016, including the rectification of the register and the making of such consequential orders as may be necessary.

106. I am mindful of the genuinely precarious governance situation in which the Company found itself following the expiry of the Board's mandate in August 2025. The practical difficulties confronting the Company at that juncture were real and significant. With the Board's mandate having lapsed, a series of consequential questions arose that rendered the convening of a general meeting a matter of considerable procedural complexity: who, in the absence of a validly constituted Board, possessed the legal authority to issue a notice convening such a meeting; who had the standing to chair and preside over the proceedings; and how the requisite quorum and procedural formalities were to be observed in circumstances where the ordinary constitutional machinery of the Company had, to a material degree, broken down. I acknowledge that these were not trivial or merely theoretical difficulties, and that the Company's officers and members were confronted with a genuine governance vacuum that demanded a practical and legally sound response.

107. However, recognition of the difficulty of the Company's situation cannot translate into an endorsement of the course of action that was in fact adopted. This is a question reserved for Court to determine. The Respondent Company's representatives elected to unilaterally convene and conduct general meetings — including the purported Annual General Meeting of 24th June 2026 — without recourse to any external or independent authority, and in circumstances where it was already well known that the legitimacy of the

incumbent Board was the subject of active and serious dispute among the membership. That approach was, in my considered view, fundamentally erroneous and legally indefensible. Where the authority of those purporting to convene a meeting is itself the central matter in dispute, the unilateral exercise of that very authority to convene and conduct a meeting cannot produce a legally valid or unimpeachable outcome. To hold otherwise would permit a party to determine the legality of its own authority through the unilateral exercise of that disputed authority, thereby allowing the very conduct under challenge to become the basis for its own validation. Such an outcome would be inconsistent with the rule of law, undermine the principles of corporate governance and shareholder democracy, and offend the fundamental principle that no person should be a judge in his or her own cause.

108. The critical point is that the law expressly anticipated precisely this kind of situation and provided a clear, accessible, and legally sound remedy. Section 138 of the Companies Act, Cap. 106 provides that where, for any reason, it is impracticable to call a meeting of a company in any manner in which meetings of that company may be called, or to conduct a meeting of the company in the manner prescribed by its articles, a competent court may, either on its own motion or on the application of any director of the company or any member of the company who would be entitled to vote at the meeting, order a meeting of the company to be called, held, and conducted in such manner as the court thinks fit. This provision was enacted precisely to address situations of the kind that arose in this case — where the ordinary constitutional mechanisms for convening and conducting meetings have become inoperative, whether by reason of the expiry of a board's mandate, the absence of persons with the requisite authority, or the existence of disputes that render the normal processes impracticable. Section 138 provides a principled, court-supervised, and independently sanctioned mechanism for restoring the company's ability

to conduct its affairs through legitimate general meetings, without requiring any party to usurp authority that is disputed or has lapsed.

109. The appropriate course of action available to the Respondent Company, and indeed to any of the members, was to invoke Section 138 of the Companies Act, Cap. 106 by making an application to a competent court for an order calling, convening, and directing the conduct of the requisite general meeting under judicial supervision. Such an order would have provided a neutral and independent framework within which the meeting could have been convened and conducted free from the taint of self-authorisation and immune from the legitimate challenge of those members who disputed the authority of the incumbent Board. By failing to avail itself of this statutory remedy and instead proceeding unilaterally, the Respondent Company not only exposed the meetings it convened to legal challenge but also deepened the governance crisis it claimed to be resolving.

110. This approach is both legally available and practically workable as was demonstrated by recent precedent in the matter of *Kyadondo Rugby Football Club Limited*, Companies Cause No. 0009 of 2025, where the Hon. Justice Patricia Mutesi confronted a materially similar situation in which the convening of a general meeting had become impracticable by reason of governance disputes. The learned Judge, exercising the court's power under the applicable provisions of the Companies Act, directed the Registrar of Companies to issue a notice calling the subscribers of the company for a general meeting. Significantly, the Registrar of Companies was further directed to chair and preside over the meeting in the capacity of a neutral and independent body, thereby ensuring that the proceedings were conducted with the oversight and legitimacy that the circumstances demanded. The meeting was accordingly convened and conducted in compliance with the court's directions, and a Board of Directors was appointed through a process whose legality was beyond reasonable challenge. That outcome illustrates precisely the kind of orderly,

principled, and independently supervised resolution that was available to the parties in the present case and that ought to have been pursued.

111. This is not to suggest that the Registrar of Companies was the only institution capable of acting as an independent and impartial body in the circumstances of the Kyadondo Rugby Football Club Limited matter. Indeed, the learned Judge expressly identified another entity at pages 17-18 of her ruling, the Uganda Rugby Union, as a potentially suitable body to oversee the process in question, having regard to their institutional role and expertise. However, the Court found that the perceived independence of the Uganda Rugby Union had been compromised by its prior association with, or apparent inclination towards, one of the disputing parties. It was in those circumstances that the Court considered the Registrar of Companies to be the appropriate body to undertake the supervisory role.

112. I make this observation to address the allegations of bias levelled against the Registrar of Companies. The selection of a neutral and independent body to oversee a corporate process is ultimately a matter falling within the discretion of the Court, which, in the exercise of its judicial wisdom, remains at liberty to appoint any person or institution that it considers to be impartial, competent, and capable of effectively discharging the supervisory function entrusted to it.

113. It is a matter of regret that the proceeding filed in the High Court at Bushenyi, which presented an opportunity for the court to address the governance impasse through the mechanism provided under Section 138 of the Companies Act, Cap. 106, was ultimately dismissed on procedural and technical grounds. It appears from the decision of the learned Hon. Justice Amos Kwizera that Section 138 was not included among the specific reliefs sought before the High Court, which may have contributed to the court's inability to engage with and resolve the fundamental governance question that lay at the heart of those proceedings. The learned Judge found verbatim that: *'I*

note that the applicant in the company cause purported to invoke Section 138 of the Companies Act Cap 106, which provides for the power of court to order a meeting. However, none of the declarations or reliefs sought in the company cause included an order for a meeting to be convened or held. In the circumstances, reliance on that provision was misplaced and redundant to the application before Court.'

114. My view is that had Section 138 of the Companies Act, Cap. 106, been properly invoked and the appropriate reliefs sought, the court would have been well placed and indeed the appropriate forum to make the orders necessary to restore constitutional governance to the Company under judicial supervision, and the present proceedings before this Registry may well have been rendered unnecessary.

115. The parties, and in particular the Respondent Company's representatives, are accordingly put on notice that the legally prescribed and judicially endorsed mechanism for addressing the governance vacuum occasioned by the expiry of the Board's mandate is the procedure set out in Section 138 of the Companies Act, Cap. 106, and that the convening of meetings without recourse to that mechanism — in circumstances where the authority of those convening the meetings is actively disputed — may produce outcomes susceptible to legal challenge and consequently cannot be recognised by this Registry which has a primary mandate to ensure it maintains the integrity of the company register. The Court of Appeal in *Nakivubo Road Old Kampala (Kisekka) Market Vendors Ltd & Others V. Kayita Geoffrey & Others Consolidated Civil Appeals Nos. 0266 and 0297 of 2017* found that resolutions and filings arising from meetings that were not convened in compliance with the Companies Act and the company's Articles of Association are of no legal force and cannot effect changes to the company's register of directors or membership, and the Registrar is entitled and indeed obliged to reject such documents and decline to register them. Consequently, any resolutions arising from meetings tainted with procedural irregularities, such as the meeting conducted on 24th June 2026,

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cannot be sanctioned and shall be expunged pursuant to Regulation 8 of the Companies (Powers of the Registrar) Regulations SI. No. 71 of 2016.

116. The Court of Appeal in *Nakivubo Road Old Kampala (Kisekka) Market Vendors Ltd & Others V. Kayita Geoffrey & Others Consolidated Civil Appeals Nos. 0266 and 0297 of 2017* also found that the Registrar is entitled to maintain the *status quo* of a company's governance where it is established that the documents purporting to change that governance were filed in contravention of the Companies Act and the Company's Articles of Association. Accordingly, no further filings shall be made until Court finally settles the question of the effect of the resolution passed at the Extraordinary General Meeting of 31st January 2025, by which the Board of Directors was authorised to continue managing the affairs of the Company only until August 2025.

c. ***Whether the facts disclosed on the record establish circumstances warranting the exercise of the Registrar's investigative powers, including the appointment of one or more inspectors under the applicable provisions of the Companies Act?***

117. Sections 169 and 170 of the Companies Act, Cap. 106 empower the Registrar of Companies to appoint one or more inspectors to investigate the affairs of a company and to report thereon in such manner as the Registrar may direct. Section 170(b) specifically provides that the Registrar may exercise this power where circumstances suggest that the affairs of the company are being or have been conducted with intent to defraud creditors or members, for a fraudulent or unlawful purpose, or in a manner oppressive or unfairly prejudicial to any part of its members.

118. The threshold for the appointment of inspectors is not proof of wrongdoing but rather the existence of circumstances that reasonably suggest that an investigation is warranted. In *Re Pergamon Press Ltd* [1971] Ch 388, Lord Denning MR observed that the investigative power exists precisely because

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wrongdoing, if any, may only become fully apparent after investigation, and that it would therefore be self-defeating to require proof of the very matters the investigation is intended to uncover.

119. The Applicants have placed on record a compelling body of evidence warranting the exercise of this power. The Company has accumulated alleged total indebtedness of approximately UGX 21.1 billion comprising tax arrears, unremitted NSSF contributions, salary arrears of approximately UGX 1.4 billion affecting workers at two factory locations, debts owed to out-growers estimated at UGX 6 billion, and obligations owed to suppliers and financial institutions. These liabilities have accumulated during a period in which the Company has continued to sell tea through the Mombasa auction and to receive the proceeds thereof. The juxtaposition of continuing revenue receipts with the systematic failure to meet statutory, contractual, and fiduciary obligations raises serious questions about the application and management of those proceeds that cannot be answered without a thorough and independent investigation.

120. The sworn evidence of former workers Natukunda Winnie and Mbendiho John corroborates the Applicants' allegations regarding unpaid salaries and provides direct witness testimony going to the operational and financial distress of the Company. The Respondent's own response effectively admits the existence of salary arrears and financial difficulties, attributing them to general economic conditions — an explanation that does not address the specific and serious concern of why proceeds from tea sales, which continued to be received, were not applied to meet the Company's most pressing obligations.

121. The Respondent's reliance on a proposed Government bailout and a special audit by the Office of the Auditor General is, as the Applicants correctly submitted, more supportive of than contradictory to the case for investigation. Both of those interventions presuppose the existence of serious financial and

governance problems requiring external scrutiny. They do not resolve those problems and cannot substitute for the targeted investigative process provided under the Companies Act. All these allegations constitute circumstances that, taken together, reasonably suggest that the affairs of the Company have been and are being conducted in a manner that is at minimum unlawful and potentially oppressive to its members within the meaning of Section 170(b) of the Companies Act, Cap. 106.

122. While I am satisfied that the Registrar of Companies possesses the statutory mandate under Sections 169 and 170 of the Companies Act, Cap. 106 to order an investigation into the affairs of Igara Growers Tea Factory Limited and appoint inspectors for that purpose, the effective exercise of that jurisdiction is contingent upon the prior determination of the legitimacy of the incumbent Board of Directors. In the circumstances, I consider it prudent that the issue of the Board's lawful constitution first be determined by a court of competent jurisdiction before any investigative order is implemented.

123. This conclusion is founded on both principle and practical necessity as seen in the reasons below.

*a) **The Investigative Mandate Presupposes a Competent Recipient of Its Findings.***

124. The appointment of inspectors under Section 169 and 170 of the Companies Act, Cap. 106 is not an end in itself. It is a purposive statutory mechanism designed to produce findings and recommendations that can be acted upon to restore proper governance, accountability, and financial integrity to a company whose affairs are suspected of having been mismanaged or conducted in an unlawful or oppressive manner. Sections 173 and 174 of the Companies Act, Cap. 106 contemplates that the report of the inspectors shall be made to the Registrar, who shall thereupon take such action as the findings warrant, including directing the company and its Board to implement remedial measures, making referrals to law enforcement and regulatory authorities such

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as the Director of Public Prosecutions and the Attorney General, and initiating such further proceedings as may be appropriate.

125. The effectiveness of any investigation, and the implementation of its consequential outcomes, depends upon the existence of a lawfully constituted Board of Directors with the authority and legal capacity to receive and implement the findings of law enforcement agencies, regulators, and inspectors, comply with any consequential regulatory directions, and take such corrective action as may be required. In the absence of such a Board, an investigation risks producing findings and recommendations that cannot be lawfully implemented by any person vested with the requisite authority, thereby undermining its practical use and statutory purpose.

*b) **The Risk of Directing Orders to a Board of Uncertain Legitimacy***

126. The central unresolved question in the present proceedings is whether the incumbent Board of Directors of Igara Growers Tea Factory Limited, whose mandate the resolution of 31st January 2025 expressly limited to August 2025, continues to hold office by operation of Article 77 of the Company's Articles of Association, or whether it ceased to hold office upon the lapse of August 2025 and has since been acting without lawful authority. That question has not been conclusively resolved and, as I have found, can only be authoritatively determined by the High Court.

127. In these circumstances, directing the findings and recommendations of an investigation to the incumbent Board would be legally and practically hazardous. If the High Court were subsequently to determine that the incumbent Board's mandate had indeed expired in August 2025 and that all acts done by it thereafter were without lawful authority, any directions, orders, or recommendations addressed to that Board in the interim would equally be without a lawful recipient and would risk being rendered ineffective or nugatory. Conversely, directing the investigation's findings to any other body — in the absence of a court order constituting or recognising an alternative

authority — would be to usurp the role of the court in determining who legitimately speaks for the Company at this time. Either outcome is unsatisfactory and potentially damaging to the Company, its members, its employees, and its creditors, all of whom have a compelling interest in the orderly and effective implementation of whatever remedial action the investigation may recommend.

*c) **The Question of Effective Implementation***

128. It is a well-established principle that judicial and quasi-judicial remedies must be fashioned in a manner that ensures their practical efficacy and effective implementation. Courts and statutory tribunals ought not to grant orders that are incapable of enforcement or whose implementation depends upon the authority of persons whose legal mandate is itself in dispute. Such orders risk creating uncertainty, undermining the administration of justice, and generating further disputes. This principle assumes particular significance in matters of corporate governance, where the effectiveness of remedial orders is contingent upon the existence of a lawfully constituted governing body vested with the authority and capacity to implement them.

129. Furthermore, the effective implementation of any investigation ordered by the Registrar requires that where two interrelated questions arise, and the determination of one is foundational to the resolution of the other, the foundational question must first be settled. In the present matter, the legitimacy of the Board of Directors is that foundational issue. It determines who has the legal authority to represent the Company, cooperate with the inspectors, produce the Company's books, records and other documents, respond to examinations, and implement any interim or final recommendations arising from the investigation. In the absence of a determination of the Board's legal status, there would be uncertainty as to the persons lawfully empowered to act on behalf of the Company, thereby undermining both the integrity and efficacy of the investigative process. Accordingly, the determination of the legitimacy

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of the Board is not merely a prerequisite to the implementation of the inspectors' findings; it is an indispensable precondition to the proper, orderly, and effective conduct of the investigation itself.

d. ***<u>What remedies are available to the parties?</u>***

130. Having carefully considered all the evidence placed on record, the respective submissions of the parties, and the applicable provisions of the Companies Act, Cap. 106 and the Companies (Powers of the Registrar) Regulations, S.I. No. 71 of 2016, and having found and held as follows:

I. that there exists on the public register of Igara Growers Tea Factory Limited a duly registered, publicly accessible, and uncontested resolution passed at the Extraordinary General Meeting of 31st January 2025, the plain and unambiguous terms of which confirm that the mandate of the then incumbent Board of Directors was expressly limited to and expired upon the lapse of August 2025;

II. that notwithstanding the expiry of their mandate, the persons purporting to act as directors of the Company proceeded to convene and conduct the Annual General Meetings of 24th June 2026 without any recourse whatsoever to a court of competent jurisdiction, in circumstances where the authority of those purporting to convene those meetings was not only actively disputed among the membership but had, on the face of the registered resolution, already lapsed;

III. that the appropriate and legally prescribed remedy available to the Company and its members in those circumstances was an application to a competent court under Section 138 of the Companies Act, Cap. 106, for an order directing the calling, convening, and conduct of a general meeting under judicial supervision and in a manner the court thinks fit, a remedy that was neither properly sought nor rightly invoked by any of the parties at the material time; and

IV. that the unilateral convening of general meetings by persons whose mandate has expired and whose authority is in active dispute, without recourse to the mechanism provided under Section 138 of the Companies Act, Cap. 106, cannot produce outcomes that are legally valid, procedurally sound, or entitled to recognition and registration by this Registry, which bears a primary statutory mandate to maintain the integrity and accuracy of the company register; consequently, I hereby make the following orders:

a) *The preliminary objections raised by the Respondent are hereby dismissed.*

b) *The parties are hereby directed to refer to the High Court, pursuant to Section 138 of the Companies Act, Cap. 106, the question of the effect of the resolution passed at the Extraordinary General Meeting of 31st January 2025, by which the Board of Directors was authorised to continue managing the affairs of the Company only until August 2025.*

c) *Pending the pronouncement of the High Court on the question of the lawful constitution of the Board of Directors, any resolutions, returns, or Company Forms arising from meetings held after August 2025 shall remain subject to that determination and shall not be treated by this Registry as conclusive evidence of the lawful constitution of the Board. Upon receipt of the High Court's pronouncement, the Registrar shall take such consequential action as may be necessary under the Companies Act, Cap. 106 and the Companies (Powers of the Registrar) Regulations, S.I. No. 71 of 2016.*

d) *Pending the pronouncement of the High Court, the Registrar shall defer implementation of any order appointing inspectors under Sections 169 and 170 of the Companies Act, Cap. 106, without prejudice to the Registrar's jurisdiction to make such appointment upon resolution of the question concerning the lawful constitution of the Board.*

e) *With immediate effect from the date of this ruling, all persons purporting to act as directors of Igara Growers Tea Factory Limited whose authority is the*

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subject of the Board legitimacy dispute identified in this ruling are hereby directed to refrain from lodging any further resolutions, returns, or Company Forms with this Registry pending the High Court's pronouncement.

f) *There shall be no order as to costs, this being a matter concerning the governance of a public company involving the interests of numerous shareholders and raising issues of significant public importance.*

I so order.

Given under my hand this 10th day of July 2026

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Assistant Registrar of Companies