

Court dismisses Igara tea petition

PHOTOS BRUNO MUGIZI

BUSHENYI

By Bruno Mugizi

The High Court in Bushenyi has dismissed a petition filed by shareholders of Igara Growers Tea Factory, ruling that the matter was brought before the wrong forum.

The decision has angered thousands of tea farmers who accuse the factory leadership of corruption and mismanagement.

Some shareholders are now threatening demonstrations and appealing to President Yoweri Museveni to intervene and save one of western Uganda's biggest farmer-owned tea factories.

REGISTRAR OF COMPANIES' CASE

The petition had been filed by disgruntled shareholders challenging the management and board elections at the factory. However, Justice Amos Kwizera ruled that the case was incompetent because it should first have been handled by the Uganda Registration Services Bureau (URSB).

The judge also dismissed an accompanying application and lifted an interim order that had temporarily halted factory operations.

While delivering the ruling, Justice Kwizera said the Companies Act gives the Registrar of Companies powers

FRUSTRATED SHAREHOLDERS

The ruling left many shareholders frustrated, with some accusing authorities of frustrating their efforts to seek justice. "We went to the Registry of Companies and they referred us to court. Now the court is referring us back to the Registry. Are those who studied law playing games with us?" Brian Tumwiine a shareholder of Igara Growers Tea Factory asked.

Tumwiine also alleged that farmers were denied an opportunity to express their grievances during a recent annual general meeting (AGM). "They called us for an AGM, but before it even started, police chased us away," "As farmers, we do not understand the ruling because the former board was supposed to hand over office. Now the case has been dismissed and they continue leading."

to first handle such disputes before they are taken to court.

"Section 243(1) of the Companies Act gives the Registry of Companies powers to entertain disputes, such as this one. This matter should have been referred to the Registrar, instead of coming to court," the judge ruled.

He advised the aggrieved shareholders to first exhaust remedies at the Registry before appealing to the High Court.

FACTORY CRISIS DEEPENS

The court battle adds to the growing troubles at Igara Growers Tea Factory, which has recently been rocked by leadership wrangles, mounting debts, unpaid salaries and delayed payments to farmers.

Reports indicate that the factory is burdened with debts estimated at more than sh25b

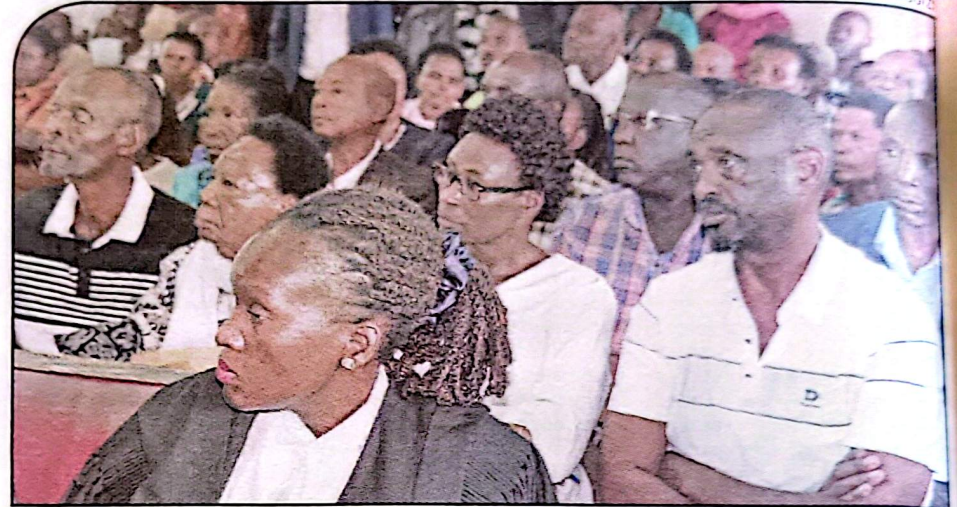
owed to banks, transporters, firewood suppliers, workers and the National Social Security Fund.

Located in Kyamuhunga Town Council, the factory supports thousands of smallholder farmers from Bushenyi, Buhweju, Sheema, Mitooma and Rubirizi districts.

Its troubles worsened earlier this year when workers laid down their tools over four months of unpaid salaries, paralysing operations. Workers also accused management of failing to remit NSSF contributions since 2022.

RIVAL FACTIONS IN LEADERSHIP

In October last year, an AGM convened to confirm newly elected directors was halted following a court order, triggering fresh divisions among shareholders and rival



Igara Tea farmers and shareholders attending a court session at Bushenyi High Court last Friday where their petition against Igara Growers Tea Factory was dismissed

factions within the company leadership.

One faction is led by outgoing board chairperson Samuel Muhereza, while another group allied to Willis Bashasha has been demanding fresh elections and reforms in the management structure.

The prolonged wrangles have reportedly weakened farmer confidence, disrupted green leaf supply and affected factory operations.

PLANNING POLITICAL ACTION

Following the dismissal of the petition, some farmers warned that they could resort to demonstrations or political

mobilisation if their concerns are not addressed.

Julius Mutahunga, one of the petitioners, said: "We are not going to allow people who are manipulating systems to take over our factory. We may demonstrate, handle the matter politically or even appeal."

Mutahunga also cautioned that some factory machines were deteriorating due to poor management, saying the institution risked collapse if urgent action was not taken.

John Baturinwe, a farmer from Buhweju district, said: "We ask our MP to take us to the President because he is the one who gave us tea seedlings. He

should tell us whether to uproot our tea gardens or continue growing tea," Baturinwe said.

Some farmers have reportedly abandoned tea growing in favour of coffee because of delayed payments.

Lawyers representing the shareholders said the dismissal does not end the matter.

"The petitioners' concerns regarding unfair corporate governance were not heard. The judge ruled that the procedure used was not appropriate, but that does not stop the clients from pursuing the matter further," Calvin Baryeruka, one of the lawyers, said.