THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA AT KAMPALA
(COMMERCIAL DIVISION)

MISCELLANEOUS APPLICATION NO. 0104 OF 2026

ARISING OUT OF CIVIL SUIT NO. 1076 OF 2023

ALEX TOZI :: APPLICANT

VERSUS

1. **OUT MEDIA INTERNATIONAL LIMITED**
2. **MUHINDA ERIAS KARAMBUZI**
3. **KYOSHABA ANNET:::RESPONDENTS**

Before the Hon. Lady Justice Patricia Kahigi Asiimwe

Ruling

Introduction

1. This Application was brought under Section 20 of the Companies Act Cap. 106, Section 37 of the Judicature Act, Section 98 of the Civil Procedure Act, Order 38 Rule 5 and Orders 52, Rules 1 & 2 of the Civil Procedure Rules.

2. The Applicant seeks orders that:
   a) The 1st Respondent's corporate veil be lifted to allow the Applicant to execute the decree in Civil Suit No. 1076 of 2023 against the 2nd and 3rd Respondents.
   b) The 2nd and 3rd Respondents be issued with a notice to show cause why execution should not be levied against them instead of the 1st Respondent.
   c) Costs of this Application be provided for.

3. The affidavit in support was deponed by Alex Tozi who stated that on 12th September 2022, he entered into an equipment hire agreement with Out Media International Limited under which the 1st Respondent hired excavators for use at a quarry site in Kween District. He stated that he performed his obligations under the agreement and submitted invoices for payment, but the 1st Respondent failed to pay him. He then instituted Civil Suit No. 1076 of 2023 for the recovery of the sums due, and Court entered judgment in his favour against the 1st Respondent for UGX 294,000,000, interest, transport costs, nominal damages and costs of the suit. The costs were subsequently taxed at UGX 13,740,000. After receiving the judgment, he and his advocates conducted searches at the Company Registry and the Land Registry to identify assets of the 1st Respondent against which execution could be issued. The searches revealed that the 1st Respondent had no assets registered in its name. He discovered that the 1st Respondent had mortgaged properties owned by the 2nd Respondent as collateral for funds used to finance the 1st Respondent's business.

4. He further stated that efforts to trace the 1st Respondent's place of business were unsuccessful. Its former premises at Plot 324 Muzito Road, Nyenama had been vacated in mid-2023 without a forwarding address. A subsequent search at the Companies Registry disclosed a new address in Kampala Central Division, Nakasero 1, Shimon, but attempts to locate the 1st Respondent at that address and through the 2nd and 3rd Respondents were futile.

Representation

5. The Applicant was represented by Erisata & Erisata Advocates. The Respondents did not enter appearance despite service.

Resolution

Issue: Whether the corporate veil of the 1st Respondent should be lifted.

6. A company is a separate legal person distinct from its shareholders and directors (See **Salomon v. Salomon & Co. Ltd & Anor [1897] AC 22**).

However, the Companies Act provides for circumstances under which the corporate veil may be lifted. Section 18 of the Companies Act provides that "The High Court may, where a Company or its directors are involved in acts including tax evasion, fraud or where, save for a single member company, the membership of a company falls below the statutory minimum, lift the corporate veil."

7. The circumstances listed in Section 18 of the Companies Act are, however, not exhaustive. In **Beatrice Odongo & Noah Ochota v. Tamp Engineering Consultants Limited, Civil Appeal No. 8/2020,** the Court of Appeal stated that: "...Section 20 [section 18] of the Companies Act does not limit the legal premise for lifting the corporate veil in Uganda to fraud. On the contrary, the statutory provisions make provisions for acts that include but are not necessarily limited to tax evasion, fraud or membership below the statutory minimum...the decision in Salim Jamal & 2 others vs. Uganda Oxygen Ltd & 2 others is instructive on other acts that may legally justify the lifting of the corporate veil. In addition to fraud, the court found flagrant injustice and improper conduct to justify the lifting of the veil ..."

8. In **Guning v. Naguru Tripati Ltd & 5 Ors Misc Application No. 232 of 2017**, the Court held that: "...The concept of corporate entity was evolved to encourage and promote trade and commerce but not to commit illegalities or to defraud people. The corporate veil can indisputably be pierced when the corporate personality is found to be opposed to justice, convenience and the interest of those doing business with the entity...The veil of incorporation can be lifted at execution stage in appropriate cases."

9. In the present case, the Applicant stated that after obtaining judgment against the 1st Respondent, the Applicant investigated the 1st Respondent's assets at the Companies Registry and the Land Registry. The searches revealed that the 1st Respondent mortgaged property owned by the 2nd Respondent. The Applicant attached to his affidavit a facility letter from Stanbic Bank that was filed at the Uganda Revenue Services Bureau and a search at the Land Registry which indicate that the 1st Respondent mortgaged property registered in the name of the 2nd

Respondent. I note that the 2nd and 3rd Respondents are directors of the 1st Respondent (See Annexture H).

10. The Applicant also stated that according to records he obtained from URSB, the 1st Respondent company moved from the last known address to Kampala Central Division Nakasero 1, Shimon. They, however, failed to trace the 1st Respondent's offices.

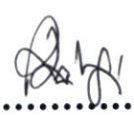
11. In the case of **Equity Bank Uganda Limited Vs. HD Resources Limited and 2 Others MA No. 1833 of 2022,** Justice A. B. Mugenyi held that where a company registered in Uganda cannot be traced through its physical address and none of its assets can be traced for purposes of the fulfillment of a court decree, it ought to be restrained from taking undue advantage of its creditors. The Court further stated that denying the application to lift the corporate veil would make a blatant mockery of justice as the judgment creditor/Applicant would not be able to execute the decree of the Court.

12. In view of the evidence on record that the 1st Respondent and its assets cannot be traced, I find that it is only just and fair that the corporate veil of the 1st Respondent be lifted to enable the Applicant enforce the decree.

13. The Application is therefore granted, and it is ordered as follows:

    a) The corporate veil of the 1st Respondent is hereby lifted;
    b) A Notice to Show Cause why execution should not issue be issued against the 2nd and 3rd Respondents.
    c) The Applicant is awarded costs of this Application.

Dated this 11th day of September 2026



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Patricia Kahigi Asiimwe
Judge
Delivered on ECCMIS