

THE REPUBLIC OF UGANDA

IN THE HIGH COURT OF UGANDA HOLDEN AT KAMPALA

(COMMERCIAL COURT DIVISION)

IN THE MATTER OF THE COMPANIES ACT

AND

IN THE MATTER OF THE EAST AFRICAN GENERAL INSURANCE COMPANY LIMITED

HCT-00-CC-MA-0420-2005

(Arising from HCT-00-CC-MC-0014-2005)

CHANDRAKANT HIRALAL SONPAL

APPLICANT

VERSUS

EAST AFRICAN GENERAL INSURANCE CO. LTD
THE ESTATE OF H.G. GANDESHA

RESPONDENT NO.1
RESPONDENT NO.2

BEFORE: THE HON. MR. JUSTICE F M S EGONDA-NTENDE

RULING

1. The applicant is seeking to be joined as an applicant to miscellaneous cause no. 14 of 2005 in which P A Tharkar and N K Radia are seeking relief in respect of the conversion of East African General Insurance Co. Ltd from a public limited liability company into a private limited liability company without the consent of the shareholders. The applicant alleges that he is a shareholder in the East African General Insurance Co. Ltd with 40 ordinary shares.
2. This application is made under Order 1 Rule 10(2) of the Civil Procedure Rules. The grounds of this application are essentially two. Firstly that the presence of the applicant is necessary for the determination of the issues before the court effectively. Secondly that allowing this application would avoid a multiplicity of proceedings.
3. The respondents oppose this application. They filed an affidavit in reply. They put several grounds. One is that the applicant is not a shareholder of East African General Insurance

Co. Ltd. Secondly that there are many shareholders of the East African General Insurance Co. Ltd, and rather than prevent a multiplicity of proceedings, allowing this application may lead to an influx of shareholders wishing to be joined to the proceedings. Thirdly that it is not necessary for the applicant to be joined as a party for the determination of the issues in the main application.

4. Mr. Peters Musoke, learned counsel for the applicants, submitted that the applicant had shown a proprietary interest in the subject matter of the main application, and ought therefore to be allowed to be joined as a co-applicant with the other applicants. He had an interest in the relief the applicants were seeking. He referred to the cases of *Dolfus Mieg et Compagnie S.A. v Bank of England*, 1 Ch. 33 and *Gokladas Baximidis Tanna v Sister Rose Muyinza*, High Court Civil Suit No. 707 of 1987 [unreported] in support of his submissions.
5. Mr. Ebert Byenkya, learned counsel for the respondents, submitted that this application should be refused as the applicant was neither a party nor the court which were the only persons authorised by the provision of Order 1 Rule 10(2) of the Civil Procedure Rules to move court or make this decision. The applicant therefore lacked *locus standii*. Secondly the applicant has failed to show that his presence is necessary for the determination of the main application. Thirdly that the applicant is not deserving as he does not want to accept responsibility for payment of costs.
6. Mr. Byenkya cited no authority in support of the proposition that only parties to a matter can apply to add a party to a proceeding. I have not been able to lay my hands on one. I have examined the provisions of Order 1 rule 10(2) of the Civil Procedure Rules, and nothing in it suggests that the rule bars persons who are not parties to the suits to seek relief under the same. On the contrary the cases referred to by Mr. Musoke, *Tanna v Rose Muyinza (supra)* and *Dolfus Mieg et Compagnie S.A. v Bank of England (supra)* point to the fact that indeed non-parties could apply successfully to be joined as parties. In both cases the applicants to be joined to the proceedings in question were not parties to the proceedings, and they successfully applied to be joined as parties.
7. The applicant has produced a copy of a share certificate indicating that he is the holder of 40 shares in the East African General Insurance Co. Ltd. This company, at the instance of the respondent no.2, was converted into a private limited liability company from a public

limited liability company. The applicant claims that this was done without the authority of the shareholders. The main application that he wishes to join is challenging this course of events.

8. Obviously if he wished, the applicant could commence his own separate proceedings in respect of the same subject matter, and seeking the same relief. He has for the moment chosen not to do so, and is seeking, instead, to join the existing proceedings, in which, arguably, he does have an interest. I am satisfied that to avoid a multiplicity of proceedings the applicant should be granted leave to join as a co-applicant in miscellaneous cause number 14 of 2005.
9. This application is accordingly allowed with costs in the cause.

Dated at Kampala this 31st day of August 2005.

FMS Egonda-Ntende
Judge