

# 100 YEARS OF SUGAR CORPORATION OF HOME IS WHERE THE HEART IS



THE  
MEHTA  
GROUP

Partners in Progress



## PART IV

BY MS RADHA MEHTA  
(Granddaughter of N.K.Mehta)

**T**he Amin era which lasted eight years was the darkest period in Ugandan history. Violence, brutality, corruption and a total collapse of social and moral values led to the complete destruction of the economy. The Pearl of Africa was tainted by the blood of 300,000 of its own people.

In 1979, for the first time in eight years, Mahendra returned to Uganda on the invitation of the newly appointed President H.E Lule, a former principal of Makerere University who Mahendra knew from his parliament days.

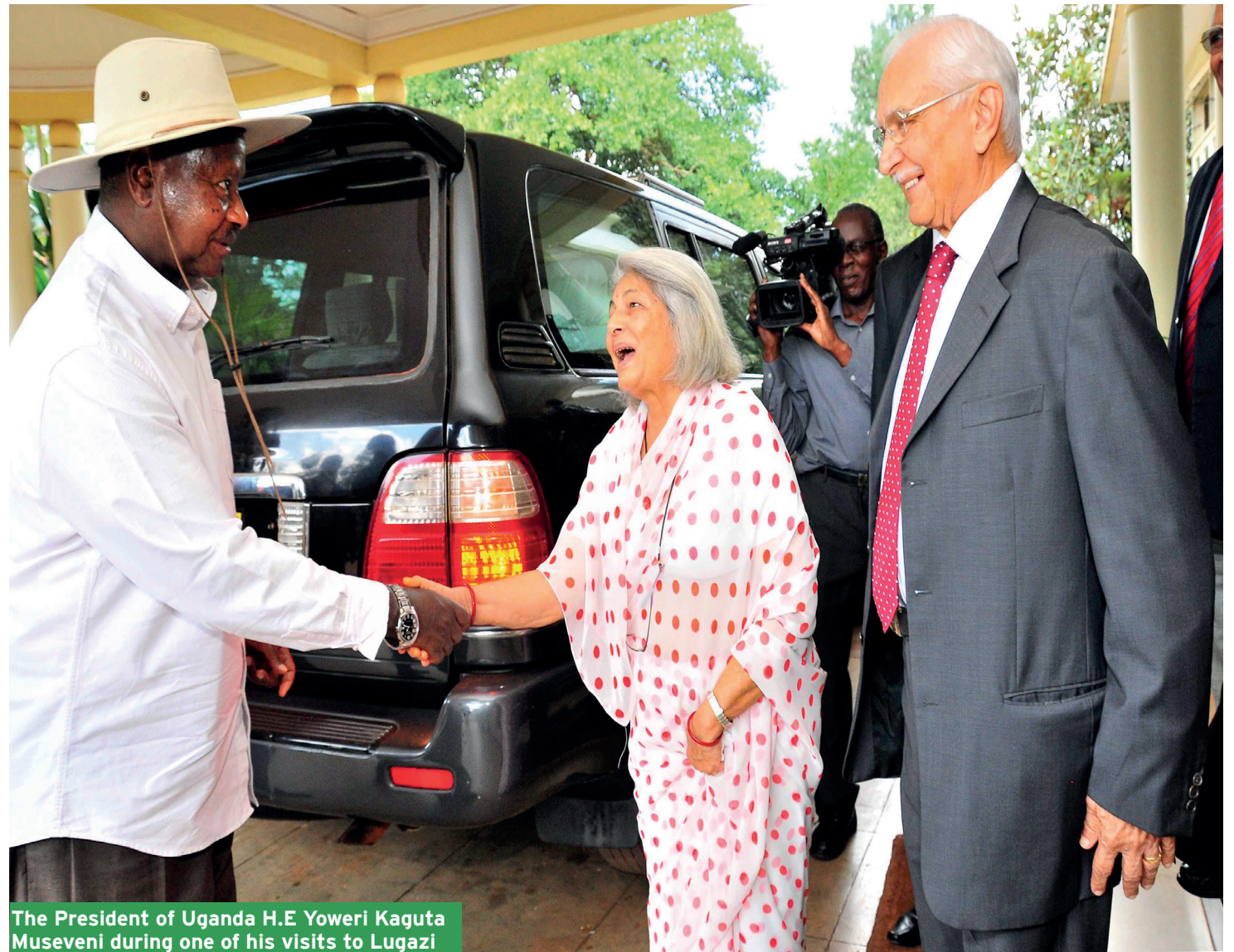
Fighting was still going on in the country. The main roads were blocked, and neither the railways nor airlines were functioning. The president agreed to let Mahendra visit his home in Lugazi before he left, but told him to go unannounced and to keep a low profile.

He was escorted by special armed guards and an armoured vehicle for protection. Mahendra was shocked to see the devastation around him. There was an eerie silence on the once bustling streets. Most of the shops had been burnt or looted. There were no cars on the roads. Only soldiers and dead bodies.

When he reached Lugazi he learnt that the General of the Tanzanian army was occupying his house. Mahendra introduced himself and joined him for a cup of tea explaining that he was on a sentimental journey to revisit his home. He noted with relief that, that his house, unlike those belonging to other Asians which had been destroyed or vandalised, had not suffered much damage.

Amin who had once been a frequent visitor to Lugazi had declared the house as his own private residence. Ironically in the movie "The Last King of Scotland" (2006), the very same house was used to depict Amin's residence.

News of Mahendra's return home spread like wildfire and before he could



The President of Uganda H.E Yoweri Kaguta Museveni during one of his visits to Lugazi

**HIS EXCELLENCY THE PRESIDENT OF UGANDA, YOWERI KAGUTA MUSEVENI, WAS INVITED TO LAY THE FOUNDATION STONE OF THE NEW PLANT ON THE 13TH OF MAY 1986, SHORTLY AFTER HE WAS SWORN IN AS THE PRESIDENT OF UGANDA. HE CAME BACK TO INAUGURATE THE COMPLETED FACTORY ON 26TH JANUARY 1988**

leave the main gates, hundreds of people had gathered to greet him, singing songs of welcome, dancing and clapping. In his

words: "For the first time I realised how much I meant to them and them to me."

Later in the same year, soon after President H.E Binaisa came into power, the Government declared that it would return the properties that had been confiscated from the Asian community.

The official handover of the Mehta Group's assets took place on 26th May 1980. As they motored down to Lugazi for the handover ceremony and approached the gates of Lugazi, they saw that hundreds of workers had gathered in waiting. They rushed towards Mahendra's car and literally picked it off the ground, shouting his name with cries of welcome!

During the 8 years of turmoil however, the plantations and factories had been neglected and sugar production had dropped from 60,000 tonnes to a mere 300 tonnes per annum.

Mahendra realised that a lot of finance would be required to rehabilitate the factory. He approached the Government, who took a 51% controlling interest in the company, and in turn negotiated loans totalling \$40m from a consortium of financial institutions which they on-lent to the newly named Sugar Corporation of Uganda Limited (SCOUL). Another \$24m was raised by the Company directly.

And so began the arduous process of the rehabilitation of SCOUL. The old plant was decommissioned and a new one was set up in its place.

This was the first major investment made in the post Amin era. It was considered a landmark achievement on the rocky road towards the redevelopment of the shattered economy.

His Excellency the President of

# UGANDA LIMITED – LUGAZI



The foundation stone laid by HE the President of Uganda Yoweri Kaguta Museveni in 1988

Uganda, Yoweri Kaguta Museveni, was invited to lay the foundation stone of the new plant on the 13th of May 1986, shortly after he was sworn in as the President of Uganda. He came back to inaugurate the completed factory on 26th January 1988.

His Excellency took a great interest in projects that would develop his country and visited Lugazi often. When he came, he would never miss a chance to enjoy *bhajias* made by Mama Mehta! Over the years, Uganda has benefitted greatly from the stability that has been the hallmark of H.E. President Museveni's stewardship. His interest in promoting industrial and infrastructural development, the policy of economic liberalisation and the creation of a healthy business environment are the key factors that have led to the growth of the vibrant economy we enjoy today.

But the crisis was far from over. In the mid 1980s the Ugandan currency started to devalue rapidly, losing 3700% of its value by the year 2000.

The loan taken out for the rehabilitation had almost doubled in

amount by 1994. The Group made representations to the Government, who finally settled the entire on-lent loan, writing it off against compensation still owing to the Mehta Group when Obote had taken a 60% share in it during his first term as President.

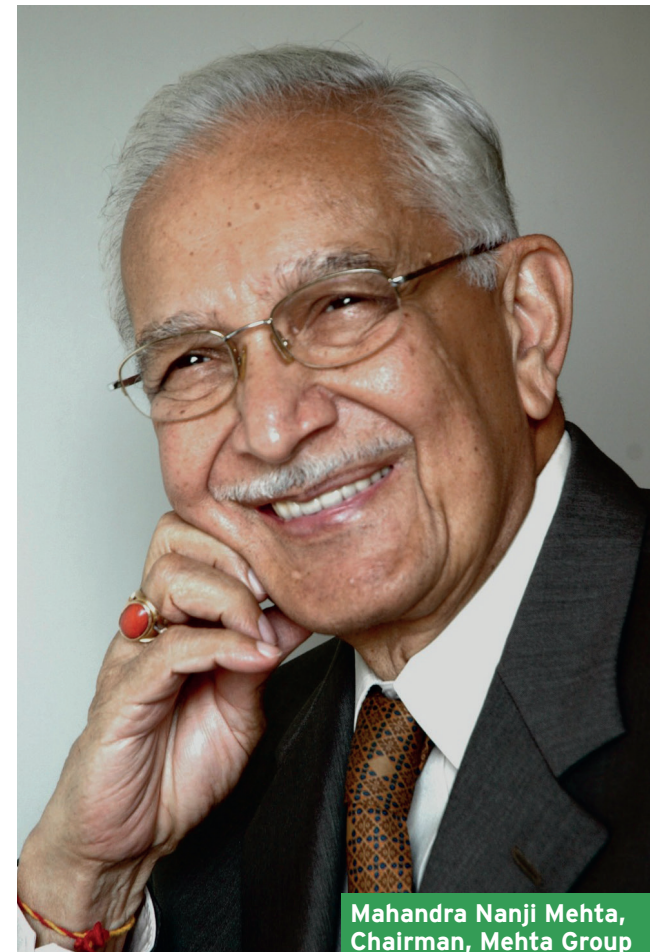
The \$24m loan that the company had obtained directly was still looming and by 2001 amounted to \$63m. In 1996, the International Finance Corporation threatened to appoint a receiver to take over unless a second guarantee was given over the parent company which held all the Mehta Group's global assets. In Mahendra's words:

*"I was aware that by signing the guarantee, I was risking the entire assets of the Mehta Group, but I knew I had no option. It was either that, or lose SCOUL, the first sugar company ever to be built in Uganda, and my father's pride and joy. It was the worst moment of my life; I felt as if I had a gun pointed at my head. I signed the 100 page document with trembling hands."*

TO BE CONTINUED  
NEXT WEEK

## THE MEHTA GROUP WAS THE FIRST TO START THE FOLLOWING INDUSTRIES IN UGANDA

- 1924 - The first sugar factory in Uganda - Uganda Sugar Factory
- 1926 - Uganda's first molasses based distillery set up as part of Uganda Sugar Factory
- 1934 - Uganda's first non-European tea estate - Uganda Tea Corporation in Kasaku
- 1967 - Uganda's first heavy engineering workshop - UGMA Engineering
- 1968 - Uganda's first Cable Factory - Cable Corporation Limited
- 1996 - Uganda's first rose farm - Uganda Hortech Limited
- 2012 - Modernised fully automatic extra neutral alcohol plant with capacity 35,000 litres per day
- 2015 - Uganda's first food grade carbon dioxide plant
- 2015 - East Africa's first zero effluent bio-compost plant - converting effluent to nutritious bio-fertiliser
- 2024 - Celebrating 100 years of Uganda's first sugar factory now known as Sugar Corporation of Uganda Ltd



Mahendra Nanji Mehta, Chairman, Mehta Group

