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Mastermind Tobacco founder Murungi dies

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Mastermind Tobacco founder Wilfred Murungi. FILE PHOTO | NMA

Mastermind Tobacco founder Wilfred Murungi has passed on, marking the end of an era for the veteran industrialist who steered the cigarettes maker for more than three decades.

The tycoon, who was in his early seventies, is said to have been unwell in recent months.



His death Thursday morning has left his flagship business with an uncertain future as the firm has lately been in the taxman's cross-hairs.

"It is with great sadness that we announce the passing on of our chairman," said a memo sent out to staff yesterday by Mastermind company secretary R.M. Mutuma. "The board requests that all staff respect the family's privacy in this difficult time."

The late Murungi founded Mastermind after learning the ropes of the cigarette industry during a stint at BAT Kenya, which he left in 1985 having held the position of technical director.

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Two years later, he took the battle to his former employer in a field that was previously the exclusive playground of multinational firms.

Mastermind took two years to contract tobacco farmers and build a leaf processing plant and cigarette manufacturing factory, after which Murungi launched the company's flagship brand - Supermatch - in 1989. The filterless Rocket brand followed two years later in 1991, targeting the lower end of the market.

The reclusive tycoon will be remembered for his long-running battle with the taxman and fierce rivalry with BAT, which was played out in court and even reached the floor of Parliament.

There were allegations in 2015 made by the BBC in its Panorama programme that BAT engaged in corporate espionage on Mastermind. In 2011, Mastermind had also accused the British firm of price under-cutting in what remained a bitter fight for a fixed market. BAT, however, denied all the allegations.



Mastermind has had a long tussle with the Kenya Revenue Authority (KRA), which has over the years claimed tax arrears running into billions of shillings.

KRA claimed the company would inflate its cost of goods (tobacco leaf imports) to report lower profits and hence pay lower taxes. The tax saga would in 2012 reach the floor of Parliament, with the firm cited in heated accusations of bribery and influence-peddling among MPs.

The two parties reached a settlement earlier this year, which would see Mastermind put its prime property on forced sale to pay Sh2.9 billion in tax arrears.

Mr Murungi is said to have been in negotiations to sell a majority stake in Mastermind to US firm Philip Morris International, the world's largest tobacco company by sales, in the months leading to his death.

There have also been questions about the financial health of the firm in recent months, with workers said to be on a go-slow due to pay delays.

With his exit from the stage, it now remains to be seen whether his inheritors will turn the fortunes of the firm, at a time when regulatory controls are also hitting the sector hard.

Mr Murungi was an electrical engineer by profession. He started his career at the Kenya Power and Lighting Company Limited before joining BAT.

Over the years, he served in various boards, most notably at ARM Cement where he was a long-serving non-executive director, and board chairman for 10 months between October 2017 and August 2018. He also served on the boards of the Kenya Association of Manufacturers and Kenya Bureau of Standards.

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