

Tongaat Hulett business rescue plan approved

By Glenneis Kriel | 31 January 2024 | 3:06 pm

Fifteen months after Tongaat Hulett went into financial distress, its creditors have finally approved a business rescue plan.



Both RGS Holdings and Robert Gumede's Vision Consortium (Vision Consortium) had submitted business rescue plans to the business rescue practitioners, but RGS withdrew its plan days before creditors had an opportunity to vote.

According to the business rescue practitioners, 91,91% of creditors exercised their right to vote on Vision Consortium's plan, with 98,51% voting in its favour. Vision Consortium, comprising South Africa's Terris Sugar, Guma from Mauritius, Remoggo from Zimbabwe and Almois Industries in Pakistan, will now take over the business after buying over Tongaat Hulett's R8 billion debt through a partial debt-for-equity swap arrangement.

According to the business rescue plan, the consortium is committed to business improvement, including ongoing employment of current employees and opportunities for new jobs to be created. The consortium also intends for Tongaat Hulett to remain listed.

The business rescue practitioners will now proceed with the implementation of the adopted plan, and Tongaat Hulett can only exit business rescue once the plan has been substantially implemented, which could take several months, or if it is no longer financially distressed.

Andrew Russell, chairperson of the South African Cane Growers' Association (SA Canegrowers), welcomed the securing of a partner to help save the Tongaat Hulett mills, as tens of thousands of small-scale growers and workers depended on them.

However, SA Canegrowers was still awaiting confirmation by the Vision Consortium of its commitment to pay the industry levies owed to the South African Sugar Association by Tongaat Hulett.

He said Tongaat Hulett's application for business rescue in October 2022 left the industry in a precarious state, and caused great uncertainty for growers. This was exacerbated by the decision of the business rescue practitioners to challenge the legal validity of the more than R900 million owed by Tongaat Hulett to the industry body.