

After-Dinner - The Faritec View

Monday, 05 October 2009

The After Dinner Panel goes to Faritec to discuss the state of the company, particularly in light of the recently announced R123m loss. CEO Fanie v Rensburg opens up about the Shoden takeover, what they found and how they intend to stabilise and grow the company.

Faritec, a company that had seemed to find very quick success in the South African market has become one of the most interesting to watch this year. A brief look at the headlines shows why:

- By March the financial sustainability of the company was being questioned, and then CEO Simon Tomlinson said the company had embarked on a cost-cutting exercise that would include the retrenchment of almost 20% of the staff. Faritec also tried to raise R20m through a rights offering to shareholders.
- In April, Shoden agreed to lend Faritec R29m in working capital, converted into equity at 3c a share. After the deal, Shoden held more than 50% of Faritec, effectively taking over the company.
- A year previously the share price high had been 79c. The then price of 9c was three times higher than the price paid by Shoden. J&J also lent Faritec R5m on similar terms.
- In May Tshidi Nyembe resigned as Financial Director
- On the 12th May Simon Tomlinson announced his resignation with immediate effect,
- 29th July Fanie V Rensburg was appointed CEO, coming in from Shoden Systems, where he had held the position of MD, finally joining the company in August.
- Also in July, Faritec announced the appointment of Arvind Gupta as Financial Director with effect from 1 August 2009
- Within the past month Jayendra Naidoo has resigned from the board.
- 23rd September Faritec announced a net loss after tax of R123m

The company reported revenue down 30%, as expected, to R727 million, from R1 billion in the previous year. Earnings per share decreased from 11.3c, in 2008, to a loss of 48.1c, which was the result of operational losses during the year.

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