



**BASHEER PARUK
BUSINESS RESCUE**



BASHEER PARUK
MEDIATORS &
ATTORNEYS

OUR REF	N/A
YOUR REF	N/A
DATE	18 th AUG 2024

TO:

WHOM IT MAY BE OF INTEREST

BUSINESS RESCUE PROCEEDINGS **(FOR FINANCIALLY DISTRESSED COMPANIES)**

1. What is Business Rescue Proceedings?

The process of a business rescue proceeding, is as the name literally suggests. A company which is in “financial distress”, is placed into the hands of a capable licensed Business Rescue Practitioner, who in turn, leads the company to financial stability.

By way of the formal appointment of the BR Practitioner, the practitioner is thereafter authorised to make decisions on behalf of the company, including the restructuring of financial arrangements, retrenchment of staff, selling unnecessary equipment and so on.

In many instances, businesses are being run in a certain manner for as long as its existence, without adapting to modern changes, thus, affecting its performance.

The BR process, essentially, is looking at the business with a new set of eyes, and finding solutions to remedy the issues, in lieu of turning the business around.

2. What is the meaning of Financially Distressed?

The Act defines the words “*financially distressed*” (section 128(1)(f)) to mean that –

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it appears to be reasonably unlikely that the company will be able to pay all of its debts as they become due and payable within the immediately **ensuing six months**;

or

it appears to be reasonably likely that the company will become insolvent within the immediately **ensuing six months**.

Thus, it is not the same as a company which can only be liquidated, and not rescued.

3. Legal Pause on claims against the company

Often, the company is generating a healthy income, which well covers its expenses. However, due to a bad debt, or a bad business decision, which leads to a disgruntled creditor, followed by an incapable financial commitment by the company to the disgruntled creditor, the company is placed into an extreme financial burden which it cannot bear.

The Business Rescue places a **legal halt on all legal demands against the company including current matters such as Summons(es) and so forth**. This provides a breathing space to the company, who can now, via the Business Rescue Practitioner, negotiate with creditors on a payment arrangement suitable to both the creditor, and the distressed company.

That being said, our offices and the BR Process is **not** simply a mechanism for nefarious directors seeking to evade legal responsibility.

Our offices are committed to finding solutions that will positively affect the business, and reinstate it to its former healthy position.

4. THE BUSINESS PLAN

The ultimate end goal of a BR Proceedings is to draft a Business Plan, which, in essence, records the assets, liabilities, income and expenses of a company, followed by the *modus operandi* in rescuing the company i.e., the payment plan offered to creditors, together with any restructuring decisions taken, that will improve the performance of the company.

The plan is voted on by the creditors and subject to a majority approval.

5. TIMELINE

Business Rescue Proceedings typically lasts around 3-6 months, wherein the Practitioner has a time frame to file certain documents, to convene creditors meetings, and ultimately propose a plan, which will be voted on by the respective creditors.

6. COSTS

The Business Rescue Practitioner fees are paid by the company itself, and the practitioner, ranks as the first preferent expense. The fees are calculated on an agreed hourly rate.

7. INDEPENDENT BUSINESS REVIEW

Our offices can, via our team of specialized professionals, conduct a review of your business, which will outline:

- Whether the company needs to be placed into business rescue, or whether the company is in a financially sound position to continue.
- Whether the business can be rescued, or whether it should be liquidated;
- Areas of improvement, and restructuring advice

8. OUR OFFICES

Mr. Basheer Paruk, is an admitted attorney, certified mediator, as well as a Licensed Business Rescue Practitioner.

Unfortunately, Business Rescue Proceedings, which can be a means of avoiding innumerable liquidations, and significantly lessening the percentage of unemployment in turn, has gained an unfavorable perception, one which is viewed as a process which *"takes whats left of the business"*.

For this reason, the ultimate aim for our offices is to rescue your business, whilst minimizing on employee retrenchments. The end goal is not for us to financially benefit from the dying end of an ailing company. Rather, our motivation is to note that we successfully rescued a company in distress.

Our offices will not aid in fleeing from creditors and liabilities, under the guise of Business Rescue Proceedings.

If your company is in financial distress, contact our offices on 061-625-6070, or basheer@basheerparukinc.co.za to set up a consultation, assess the merits, and map a way forward.

Yours Faithfully



PER: Mr B. Paruk

(Director)

BASHEER PARUK IS AN ADMITTED ATTORNEY, AS WELL AS A LICENSED BUSINESS RESCUE PRACTITIONER