

# Velocity Ventures (Proprietary) Limited (in Business Rescue)



**Teaser and Process Letter for  
accelerated equity dilution process**

**October 2025**



# Introduction to Velocity Ventures (Pty) Ltd (Velocity or the Company)

Incorporated by the sole shareholder and director, Mr. Nishant Jain, in 2016, Velocity is a premium manufacturing entity involved in the Aluminium processing sector, currently operating two units producing Aluminium alloy ingots of different grades from recyclable material

- Established with a view to take advantage of the huge scope for manufacturing alloy Aluminium ingots by melting scrap exported from South Africa (applicable to copper as well), the Company initially focused on mineral trading and export (primarily manganese and chrome) as well as local metal trading and export
- From this base, the Company grew to ultimately own two plants across two properties located in prime industrial areas of Johannesburg, employ approx. 230 staff and manufacture up to 2900MT per month across its two facilities
- The Company supplies to AAA-rated global clients including top Japanese automotive companies, an Aluminium (Ai) coil manufacturer based in South Korea with operations around the globe, and other manufacturing and trading companies in Japan. Velocity has built a brand associated with quality and timeliness of supply and enjoys a 'key vendor' relationship with its customers
- The Company achieved annual turnover of ZAR867m (c.\$50m) for the year ended February 2025



SPECTRO		AMETEK										
VELOCITY VENTURE PTY (LTD) SOUTH AFRICA												
Measure Date Time	Method Name	Type	Type Corr	Sample Name								
06/06/2021 13:08:54	AL-20-F	Unknown										
Sample Name	Operator	Heat Number	Grade									
FINAL SAMPLE	PREM	VV-01	ADC-12									
Mean	Si	Fe	Cu	Mn	Mg	Cr	Ni	Zn	Ti	Be		
	%	%	%	%	%	%	%	%	%	%		
1	18.24	0.731	2.21	0.244	0.287	0.0427	0.0827	0.027	0.0059	0.00087		
2	10.28	0.704	2.06	0.248	0.298	0.0423	0.0827	0.033	0.0055	0.00085		
***	88.25	8.73	2.64	0.291	0.297	0.0425	0.0827	0.038	0.0067	0.00088		
Mean	Bi	Ca	Cd	Co	Ga	Li	Na	P	Pb	Sb		
	%	%	%	%	%	%	%	%	%	%		
1	0.0012	0.0031	0.0013	<0.00050	0.0134	<0.00010	0.00088	<0.00100	0.0038	<0.0030		
2	<0.00100	0.0027	0.0014	<0.00050	0.0133	<0.00010	0.00073	<0.00100	0.0031	<0.0030		
***	0.0011	0.0029	0.0014	<0.00050	0.0134	<0.00010	0.00088	<0.00100	0.0034	<0.0030		
Mean	Sn	Sr	V	Zr	Al							
	%	%	%	%	%							
1	0.0007	<0.00010	0.0077	0.0070	85.3							
2	0.0215	<0.00010	0.0078	0.0071	85.3							
***	0.0211	<0.00010	0.0078	0.0070	85.3							



# Velocity's manufacturing operations

## Unit 1 (commissioned Sep 2021)



- Up to 1300MT per month (ADC-12 and AK5M2), 1500MT feedstock
- Produces Aluminium alloys for automotive application
- Raw material feedstock comprises various locally available Al scrap, silicon and other consumable materials
- Direct customers include 1) Toyota Touthou, who on-sells to Toyota Motors (used in the manufacturing of Lexus and Subaru) and Isuzu, and 2) Daiki Aluminium Industry Co. Ltd

## Unit 2 (commissioned Feb 2024)



- Up to 1600 MT per month (UBC RSI INGOT), 2500MT feedstock
- Produces Aluminium alloy ingots for further production and for use in the production of beverage cans
- Raw material feedstock comes from locally available used beverage can scrap
- Customers include 1) Novelis Korea, 2) Hanwa Training (Thailand), who on-sells to United Aluminium Company of Japan, and 3) Hulamin (local customer based in KZN)
- The project is supported by GGDA and DTI

# Background to distress and current status of the Company

**While Unit 1 has always been profitable, Unit 2 has posed most of the issues facing Velocity, leading the directors to resolve to commence business rescue proceedings on the 14<sup>th</sup> of September 2025**

- Unit 2 is the larger project and considered more difficult to execute
- The quality and grades of finished product out of Unit 2 has proven difficult to stabilise, taking almost a year to achieve the necessary grade and quality – this has finally been achieved, leading to orders from blue-chip customers
- However, during this 13 to 14 month stabilisation process, the Company faced numerous obstacles, all directly impacting the bottom line and putting pressure on working capital reserves:
  - The Company ended up buying more equipment than planned and budgeted and faced frequent breakdowns – this not only neutralised any profits coming from Unit 1, but also required significant working capital commitments, ultimately impacting the ability to purchase necessary raw material feedstock and leading to reduced production and increased losses
  - The Company further faced stock losses due to poor quality of raw material procured which contained sand and water
  - A fire incident added to the cashflow distress and took a month to repair and restart the plant
  - One key piece of equipment malfunctioned which impacted Aluminium extraction levels. While the flaw was identified in August and fixed, this malfunctioning put even more pressure on working capital reserves
- The depletion of Velocity's working capital made it impossible to purchase raw materials and continue production and sales as normal
- This eventually lead to Management resolving to place the plant on care and maintenance on 29 August 2025 and seek fresh capital

# Turnaround plan and investment opportunity

**The groundwork for a successful and prosperous operation has been laid, but new capital is required to rescue the Company and return it to a path of growth**

- Project promoters are working towards resolving the current crisis, which will require shareholding dilution from new equity
- For both Units 1 & 2, fresh equity of c.R120 to R140m is required to normalise the business and achieve production of 2900MT
- This could take the form of either a capital injection or a letter of credit to allow the Company to purchase raw materials
- A further option exists to invest in an expansion of production capacity and achieve a further 3500MT from Unit 3 (expansion project plan details will be provided under confidentiality)

## Opportunity and investment highlights

- 1 Ai alloy manufacturing by recycling of Ai scrap is a promising business promoted by agencies globally
- 2 New modern plant producing better grades
- 3 Energy efficient gas-powered plant
- 4 Stabilised plant, process and operations
- 5 Position as regional leader in import-substitution products



## Why partner with the current shareholder?

- 1 Investor gets a share of a ready-made worldclass business with support & participation of existing shareholder
- 2 Strong customer relations
- 3 Professionalized operations with experienced team
- 4 Trust relationship with Blue-chip customers
- 5 4–5-year vintage team provides operational stability and institutional knowledge

# Financial performance

Access subject to signed and accepted NDA

# Project timeline and proposed process

1. Accelerated process given business rescue process and resulting time pressure
2. Market sounding based on teaser and data room information starting from 17 October 2025 (**Phase 1**) subject to NDA and vetting
3. Bidders will have access to the data room and plant tours on acceptance of the NDA by the BRPs (company profile to be submitted along with NDA for review)
4. Non-binding offers to be submitted by no later than 13 November 2025 along with proof of funds in a format acceptable to the BRPs (further information in relation to additional and minimum disclosures will be provided)
5. The non-binding offer format deemed to be acceptable will be communicated to bidders, whereafter it will remain at the sole discretion of the BRP
6. Confirmatory due diligence to be conducted over an open window period starting 14 to 17th November 2025, or anytime sooner upon receipt of acceptable non-binding offers (Phase 2)
7. Final binding offers to be submitted by 19 November 2025, along with proof of funds
8. Once an offer has been accepted by the BRP, subject to creditor approval by no later than 4 December 2025, the funds must be placed into an interest-bearing account within two business days of written confirmation. (interest earned being for the benefit of the rescue process)
9. The approved buyer will have until 31 January 2026 to settle the sale of business agreement and release the funds for distribution as per the approved rescue plan. All transaction and transfer related cost and rates clearance deposits are for the account of the buyer
10. The BRPs reserve the right to accept any offer or to end the process at their sole discretion at any time

# Process Letter for equity dilution process in business rescue

## Transaction Structuring

- Opportunity to acquire up to [X]% equity interest through either (a) sale of / subscription into Velocity or (b) sale of assets to Newco followed by sale of shares of / subscription into Newco
- Transaction structuring options available to meet acquirer needs – transaction (a) provides additional upside from tax assessed loss, while transaction (b) allows for the selection of specific assets and liabilities out of business rescue
- Following receipt of non-binding offers, Preferred bidders will be selected based on valuation, strategic considerations and post-transaction outlook for the Company and invited to conduct a confirmatory due diligence.
- Accelerated process given the current ongoing business rescue process and the resultant time pressures:
  - **Phase 1** – subject to NDA, invitation to conduct data room due diligence (**DD**) and present a non-binding offer
  - **Phase 2** – confirmatory DD including site visit, management meetings etc., for submission of Binding Offer



# Process Letter for equity dilution process in business rescue (continued)

**Expression of Interest / non-binding offer to be submitted to proceed to Phase 2**

- **Phase 2** – preferred bidders to perform confirmatory due diligence and present binding offer with proof of funds in a format acceptable to the business rescue practitioners
- Bidders hoping to participate in Phase 2 must submit an Expression of interest, including:
  - High-level, indicative valuation
  - Strategic fit and potential post-transaction outlook
  - Buyers profile
  - Where two bids are similar in value, preference will be given to bids that retain shares for, and the involvement of, the current shareholder – shareholder will cover the difference between the two offers
  - No bids below the forced sale value will be considered
  - Post-transaction strategy must include a job-retention strategy
  - Transaction proposals containing solutions which incorporate either the normalisation of existing credit finance arrangements and / or an offer to existing shareholders must to be submitted at least three days in advance of the deadline (or sooner if possible) for review by affected parties
  - Due diligence requirements or other terms and conditions from the Bidder
  - Funding support and confirmation that the Bidder has the necessary capital to support the Company.
- The BRP reserves the right to transact with any party or discontinue / alter any terms of the process outlined above



# Accelerated equity dilution process in business rescue

**Phase 1: Starting 17 October 2025  
Targeting transaction close by end  
January 2026**

**For more  
information or for  
participation in the  
transaction process,  
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