

KZN Chemical Manufacturing Company concludes BEE transaction

IMBEWU Capital Partners, a black owned private equity and investment holding company based in KZN has acquired a 15% shareholding in Isegen in a Black Economic Empowerment transaction.

Isegen is a wholly owned South African chemical manufacturing company based in Durban with factories at Isipingo, Umgeni and Germiston in Gauteng. The company is the only local manufacture of phthalic anhydride and maleic anhydride, as well as plasticisers for the PVC industry and a range of food acidulants.

The food acidulants are exported worldwide to 50 countries.

The sale of the shares was entrusted to Imara Corporate

Finance which covered bids from 21 different entities.

The sale of a significant portion of equity to Imbewu Capital Partners was welcomed by Jonathan Goldberg, chairman of Isegen and one of the leading experts in Broad Based Black Economic Empowerment (BBBEE) in South Africa.

"We are looking forward to working with our new partners in the future, especially with the emphasis on growing the business in South Africa and in Trinidad, where Isegen is currently establishing a joint venture with Trinidad authorities to manufacture maleic anhydride and a range of food acidulants," said Robert Fowlds, managing director of Isegen.



At the signing of the Black Economic Empowerment are pictured from left Clive Howell, Nedbank Capital Private Equity; Gina Zondi, Chief Executive of Imbewu Capital Partners; Robert Fowlds, managing director, Isegen and Graham Davel, Nedbank, Capital Private Equity.

Acidulants manufacturer expands capacity

Local manufacturer of food acidulants, such as malic acid, fumaric acid, and fruitaric acid, Isegen, is expanding its cold water soluble (CWS) fumaric acid capacity at its Isipingo site, in Durban.

The new plant will come on stream in March this year, and will use technology developed in South Africa in the 1970s.

The company exports food acidulants to about 50 countries

worldwide and supplies many multinationals. A significant increase in demand for its CWS fumaric acid stemming from customers, both local and abroad, has prompted Isegen to expand the plant to meet the growing demand.

The company says that the increase in demand is attributed to its quality, consistency and reliability in the face of an ever-growing list of problems, related to quality

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EXPANSION PLANS

A reactor, imported from Europe, will enable Isegen to produce an initial 7 000 t/y of maleic anhydride from butane. After a second-phase expansion, this will be increased to 14 000 t/y

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and trustworthiness of some products emanating from the Far East, as reported in the press.

Further, it says that there is also a realisation among food technologists and food manufacturing companies that good-quality food-grade CWS fumaric acid is an excellent food acidulant.

Normal fumaric acid, which is hot water soluble, suffers from a slow dissolution rate in ambient water, but is satisfactory when used in products such as jellies, canned foods, marmalades and jams, where the processing involves a higher temperature or using hot water.

Isegen has overcome this problem by manufacturing a CWS-grade of fumaric acid, which dissolves rapidly in cold water.

This product can thus be used in dry powder beverages with success, where the end product is dissolved in cold water.

Fumaric acid is the most powerful of the food acidulants, where savings in use of up to 40%, can be achieved compared with the quantity of citric acid that would be

required to give similar end results for the sensory perception of tartness and the reduction in pH," states the company.

Also, fumaric acid is nonhygroscopic, which means that it does not absorb moisture from the surrounding atmosphere. This physical attribute enables a further saving to be made by using packaging materials that do not have expensive films and liners to exclude moisture that would cause caking from ingress.

The company says that it is well known that citric acid suffers greatly from being very hygroscopic and an entire bag of citric acid can become rock hard through the absorption of moisture when unsuitable and inexpensive packaging is used.

Because fumaric acid is non-hygroscopic, it is generally not necessary to include an anticaking agent in the formulation of the end product, providing further savings to the manufacturer and end-user.

Food-grade CWS fumaric acid from Isegen is suitable for use in formulations such as dry powder

beverages in tropical and subtropical countries where the climate is hot and humid and the populations are generally not well off and cannot afford to drink the relatively expensive carbonated drinks. CWS fumaric acid has, for example, been exported from South Africa to Guatemala since 1976.

Fumaric acid imparts a longer-lasting tartness to end products than other food acidulants. This makes it suitable for use in sour candies, sherbets, and other products such as sorbet and fruit-flavoured ice creams.

It can also be used in fruit-flavoured chewing gum, and in soft fruit candy chews where it will not make the product sticky owing to the uptake of moisture, which is problematic with hygroscopic food acidulants.

"The Isegen food acidulants plant at Isipingo is possibly the most integrated site in the world.

The prime raw material, namely butane, is purchased through a pipeline from the adjacent South African Petroleum & Refineries company refinery, and this, in turn, is used

to make the intermediate maleic anhydride, which is transferred in molten state, again through a pipeline, to the food acids plant," says the company.

It adds that the by-product steam derived from the oxidation of butane to maleic anhydride is used to drive the food acids plant.

"This integration has resulted in a more stable pricing structure for local customers, which is not the case with imports," says the company.

The plant is accredited with ISO 14000 and ISO 9000 and hazard analysis and critical control point. The products are also halaal and kosher.

In addition, Isegen has improved its black economic-empowerment rating when Imbewu Capital Partners and Nedbank Capital Private Equity bought into the company last year.

Further, the company is looking to establish a joint venture with the government of Trinidad and Tobago to build an integrated maleic anhydride and food acidulants plant in Trinidad, based on butane.

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