

31/03/1997

Anwar happy Perwaja Steel's new management has proven its ability

A. Kathirasen

GURUN, Sun. - Debt-ridden Perwaja Steel Sdn Bhd has shown marked improvement in productivity and efficiency since the interim management company headed by Maju Holdings took over its management last June.

Deputy Prime Minister Datuk Seri Anwar Ibrahim said today the new management had proven that it had the ability to run the company well, taking pride in the fact that this proved Bumiputeras could manage large companies.

Anwar was speaking to the staff of Perwaja Steel here after a tour of its new beam and section plant. He later joined them for lunch.

Also present were Kedah Menteri Besar Datuk Seri Sanusi Junid, Minister in the Prime Minister's Department Datuk Dr Abdul Hamid Othman and Maju Holdings chairman cum Perwaja's management executive committee chairman Abu Sahid Mohamed.

Anwar was happy to note that billet production had increased from 63,000 tonnes in March last year to 92,000 tonnes this month.

The percentage of rejection of billets had decreased from 12 per cent to 0.2 per cent during the same period, he added.

He said the ability of Perwaja to meet deadlines and order schedules had increased from 80 per cent to 95 per cent while production costs had decreased from RM1.282 billion in March 1996 to RM910 million a year later.

"Gross loss has also been greatly reduced from RM377 million in March last year to RM47 million this month. The management and workers should be congratulated for this," he added.

Anwar urged the management and workers to work with a positive attitude and strive further to improve productivity and efficiency in all areas.

He said Malaysia was moving towards industrial nation status and it was important that the attitudes and values of Malaysian workers change in line with the country's aims and aspirations.

"We must have tremendous discipline to succeed. We must show the country and the world that we can manage a steel plant well."

Anwar said the privatisation of Perwaja Steel was in its final stages and that by June, the exercise would be completed.

Originally, the privatisation was to take effect last December, he said, but since a few glitches had to be resolved, the date was pushed forward. However, he did not foresee further problems.

"The Government cannot be too soft or too hard with Maju Holdings. If it is too soft, the Finance Ministry will lose out and if it is too tough, Maju might not want to take over Perwaja. So we have to tread carefully."

Maju Holdings was offered a 51 per cent stake in Perwaja with the Government's investment arm Khazanah Holdings taking the rest. In January, Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government would absorb Perwaja's debts.

Sanusi said the State Government wanted Gurun to become an industrial area, specialising in high-technology and steel manufacturing. He outlined his plans to make certain towns specialise in certain fields.

For example, Kulim will become the Silicon Valley, Alor Star will be the Washington DC of Kedah and Sungai Petani the New York of the State.

Abu Sahid said the management team would live up to the Government's expectations and pledged to make Perwaja "the top steel company in the region". He said they were working towards showing profits by the end of

next year.

At a Press conference later, Perwaja's chief executive officer Abu Talib Mohamed said the improvement was due to greater efficiency in procurement of supplies and operations.

He said the management team was also placing more emphasis on retraining. To date, 1,200 staff had been given both technical and spiritual training.

"The morale is very high among the management team and workers. The workers are working harder now. There is better cash management and faster turnaround of stock," he explained.

On the privatisation of Perwaja, Abu Talib said the basic structure and concept had been agreed upon and only four or five matters needed to be sorted out.

The cost of Maju Holdings' 51 per cent stake in the privatised company had yet to be finalised, he said, adding that Maju hoped to raise 20 to 30 per cent of it through internal fund generation while the rest would be from borrowings.

He expected the amount to run into "tens of millions of ringgit".

He said once Maju took over the company, it would inject more working capital, but declined to reveal the amount.

However, he added, the present working capital of RM215 million (RM105 million from the Government and the rest from Maju) was enough for now.

Abu Talib said Maju would leave it to the Government to decide how much its final stake in Perwaja should be.

(END)