

01/05/1997

Perwaja privatisation details out this month

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THE Government is expected to announce the final terms and conditions for the privatisation of Perwaja Steel Sdn Bhd to Maju Holdings Sdn Bhd later this month, Maju Holdings chairman Abu Sahid Mohamed said yesterday.

Abu Sahid who is also Perwaja Steel executive committee chairman, said: "At the moment, the details of the privatisation have to yet be finalised but it is in the final stages... it is on the way."

Asked whether the announcement would be made during Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Perwaja's Gurun plant in Kedah on May 12, Abu Sahid said: "Maybe about that time."

Abu Sahid was speaking to reporters in Shah Alam yesterday after witnessing the signing ceremony of the Ipmuda Bhd as the sole distributor for Perwaja.

Originally, the privatisation was to take effect last December but since a few glitches had to be resolved, the date was pushed back.

Maju Holdings which headed the interim company involved in the rescue of the debt-ridden Perwaja, was offered a 51 per cent stake in Perwaja with the Government's investment arm Khazanah Holdings taking the rest.

The cost of Maju Holdings' 51 per cent stake in the privatised company is among the details which would be announced next month. Earlier estimates put the cost to "running into tens of millions of ringgit".

When asked whether Maju Holdings, which recently announced the acquisition of two listed companies, planned to raise more funds for Perwaja, Abu Sahid said: "In business, if we do not have money, we go to the bank. It is not necessary for you to open your own safe to invest in anything."

"In our case, we are restructuring Maju Holdings. We have taken over Ipmuda and are now in the process of carrying out a reverse takeover of Kai Peng Bhd, plus a few more corporate restructuring (exercises)."

All these exercises are expected to put Maju Holdings and subsequently Perwaja on a firm footing.

For instance, he said, the purchase of established trading group Ipmuda was to ensure that Perwaja, like the other steel producers in the country, would have a good marketing arm.

Perwaja chief executive officer Abu Talib Mohamed, who was also present at the event, said: "Ipmuda's purchase is strictly synergistic to us. Ipmuda has 22 years of experience as a trading group with 36 outlets nationwide and over 5,000 clients. Perwaja does not have 22 years to build up our service network, Perwaja has only yesterday."

"With this appointment, we will move from dealing with the existing 80 dealers to just one sole distributor. We do not have to deal with problems like slow collection and obsolete stock, which we can now be passed over to Ipmuda. We can concentrate on what we do best which is producing the products."

On the day-to-day operations of Perwaja, Abu Talib said it was making "tremendous progress."

Monthly production has been increased from an average of 16,000 tonnes to 100,000 tonnes while operational losses have been reduced to a nominal sum of less than RM10 million per month from as high as RM40 million when Maju Holdings took over about nine months ago.

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