

Employees at Crisis-Stricken Mechel Go Unpaid

By [The Moscow Times](#)

November 27, 2013

The  **Moscow Times**

The Moscow employees of debt-stricken Russian miner Mechel and a number of its subsidiaries have not been paid for October, Vedomosti reported Wednesday, citing sources close to the company.

A spokesman for Mechel blamed technical reasons for the delay and said employees would receive payment "in the near future."

The Central Bank briefly junked Mechel's bonds on Nov. 14, and its share price plunged, as the company was overtaken by a crisis of confidence over its indebtedness — Mechel's net debt is \$9.6 billion. The company is negotiating restructuring agreements with its creditors.

According to the Labor Code, Mechel is obliged to pay its employees no less than twice a month. For every day that payment is withheld, the company must pay the employee 1/300 of the interest rate, which currently stands at 8.25 percent. The company's most recent

financial statements disclose salary costs of 44 million rubles per month. The delay, therefore, is costing the company about 12,000 rubles (\$365) a day.

Oleg Ukrainsky, head of inspections at the Federal Labor and Employment Service, said the bureau had not received any complaints over the matter, but added that company management could face criminal charges if staff went unpaid for more than two months.

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