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Report Says Alfa Bank Demands $150M Loan Repayment from Mechel

By The Moscow Times

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Alfa Bank, Russia's largest private bank, has demanded Russian coal miner and steelmaker Mechel pay back a $150 million loan ahead of schedule, putting additional pressure on the company, Vedomosti reported Friday.

Sources close to both sides said Finance Minister Anton Siluanov held a special meeting to discuss Mechel's situation on Thursday. At that meeting Alfa Bank demanded the repayment and a one week extension was agreed.

It gave no further details. Alfa bank could not immediately be reached for comment. Mechel declined to comment on the article, but a spokesman said the company was fulfilling its obligations on time.

Like other Russian steelmakers, Mechel, which is controlled by billionaire Igor Zyuzin, invested heavily in expansion before the 2008 financial crisis hit demand, forcing it to borrow

to support itself.

The company's net debt stood at $9.4 billion as of late 2013. It plans to raise around $1 billion from the sale of assets this year which would help it to offset the $2 billion debt it has to repay next year, the company said in December.

If the company fails to repay the loan to Alfa Bank, it may default on other obligations as well, Vedomosti said, adding that the government is looking at the option of providing Mechel with a $2 billion loan from state development bank VEB.

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