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Moscow Court Postpones Hearing on Sistema's Bashneft Shares

By The Moscow Times

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Sistema's shares, which lost 70 percent after it reached a peak this year in July, traded down nearly 5 percent in early trading in Moscow. Bashneft's shares were down 1.3 percent on the day.

A Russian court decided on Thursday to postpone to next week a hearing on a move to wrest control of an oil company from oligarch Vladimir Yevtushenkov, a case that has deepened investors' fears that the Kremlin wants to claim prized assets.

Russian prosecutors filed the suit last month to regain state ownership of Bashneft, saying there had been alleged violations in the privatization and subsequent sale of the oil producer to Russian oil-to-telecoms conglomerate Sistema in 2009.

On Thursday, a judge at the Moscow Arbitration Court ruled in favor of the prosecutors, who had requested more time to prepare their case and said the next hearing would take place on Oct. 30.

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In September, a Moscow court ordered the seizure of Sistema's majority stake in Bashneft a day after a judge refused to release Yevtushenkov, who is under house arrest on suspicion of money laundering during the firm's acquisition.

The case centers on the privatization of oil production and refining assets in the Russian republic of Bashkortostan in the Ural Mountains in the early 2000s and Bashneft's subsequent sale to Sistema.

The Russian investigators say that both the privatization and sale were illegal.

Sistema, which directly owns almost 72 percent of Bashneft's voting rights and has a stake of 86.7 percent, including 12.6 percent that it owns through its subsidiary Sistema-Invest, has denied the allegations.

Yevtushenkov is ranked Russia's 15th richest man by U.S. magazine Forbes, with an estimated fortune of $9 billion.

Some analysts have said that state-controlled Rosneft, Russia's biggest oil producer run by an ally of President Vladimir Putin, was interested in buying Bashneft.

The company, Russia's sixth-largest crude oil producer, extracted more than 16 million tons (320,000 barrels per day) of crude oil last year, increasing output by more than 4 percent — the best results among domestic majors after launching production at new deposits in the Arctic.

Its oil refining capacity stands at 24.1 million tons a year.

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