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Sberbank to File Bankruptcy Claims Against Mechel Subsidiaries – Bank Official

By The Moscow Times

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Russian state lender Sberbank intends to begin bankruptcy proceedings against three subsidiaries of indebted miner Mechel, a bank official said on Wednesday.

After months of discussions with lenders and government officials to restructure its $6.6 billion net debt, Mechel has reached agreements with all of its creditors except Sberbank, Russia's largest bank by assets.

Maxim Degtyarev, head of the Distressed Assets Department at Sberbank, said the bank would file bankruptcy claims against Mechel's Yakutugol and Chelyabinsk metal factories and its Bratsk Ferroalloy Plant.

"Today we filed a notice of intent to appeal to the Arbitration Court to declare these companies bankrupt — we will have the right to [appeal] in 15 days," he told Reuters.

Mechel, controlled by businessman Igor Zyuzin, borrowed heavily before Russia's economic downturn, deepened by Western sanctions over the Ukraine crisis and a collapse in global oil prices, the country's main export commodity.

The miner said it hoped to solve its dispute with Sberbank out of court, as it did with VTB bank and Gazprombank in June.

"Mechel urges [Sberbank] to refrain from hasty actions that could damage these profitable operations which employ more than 22,000 people," the company said in an e-mailed statement.

"Halting operations or disrupting the supply chain does not improve the company's solvency," it said.

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