



VTB to Drop Mechel Suit if Debt Agreement Reached

By [The Moscow Times](#)

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An electronic screen showing business and finance information is on display at the VTB Capital "Russia Calling!" Investment Forum in Moscow.

Russia's VTB Bank, one of the country's largest, will drop a lawsuit against debt-laden coal and steel producer Mechel if an agreement over its debt is reached, Andrei Kostin, the head of VTB, said on Wednesday.

His comments sent Mechel's ordinary shares up by 18 percent as they confirmed the bank was still in talks with the firm despite the 3-billion-ruble (\$77-million) lawsuit filed by VTB against Mechel last week.

Russian officials have been looking at ways of helping Mechel, controlled by businessman Igor Zyuzin, for months and have proposed several schemes, including a plan to convert part of the company's debt into shares.

"We have failed to agree so far, [if we] agree — we will withdraw our lawsuits from the court," Kostin told reporters on the sidelines of a VTB Capital conference in Moscow. Mechel has debts of \$8.6 billion and 70,000 workers.

He also said that there were "some new moments" which had emerged in the last few days while the bank was in dialogue with Mechel and that VTB "needs a few more days". Kostin did not provide details.

A senior Kremlin aide, Andrei Belousov, said on Monday Mechel was closer than ever to reaching a compromise with creditors and added that VTB's lawsuit was "a technical step in fixing its interests".

Mechel's other key creditors are state-run Sberbank and Gazprombank. The latter has not ruled out filing a lawsuit against the steelmaker, according to Interfax news agency.

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