
ESTAR leases NMZK to Metallservis and re commission plants

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Russian steel producer ESTAR Holding has announced that, within the framework of a management agreement reached with Novosibirsk regional administration and Russia largest metal trader Metallservis Group on July 22nd its subsidiary Novosibirsk Metallurgical Works named after Kuzmin restarted its production operations which were stopped in April this year on account of its debts.

According to the agreement, Metallservis has received the operational control of NMZK for a period of five years and has assumed responsibility for securing the plant's raw material supplies and product sales for timely wage payments to its workers, and for transfer of taxes to the Novosibirsk region. The trader has reportedly paid a part of NMZK's debts and is undertaking measures to pay the plant's creditors. The terms of the agreement have not been disclosed.

NZMK is specialized in the production of hot rolled coils, sections, cold rolled strips and pipes. For August, the plant has already received orders for 15,500 tonnes of steel products.

According to media reports, following negotiations with creditors by August 1st ESTAR plans to restart operations at two more of its plants at Engels Pipe Works and Volgograd Small Diameter Pipe Works.

In June this year ESTAR filed for bankruptcy protection for six of its plants including NMZK, Zlatoust Metallurgical Works, Guryevsk Metallurgical Works, Engels Pipe Works, Volgograd Small Diameter Pipe Works and Nytva Metallurgical Works. Of these companies, Guryevsk Metallurgical Works recommissioned its operations on June 8th and Zlatoust Metallurgical Works which was refused bankruptcy by the Chelyabinsk court on June 26th restarted production on June 15th.

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