

News Release

MTS debuts in Kerala

Offers million minutes free talk time

Kochi, March 30, 2009: Sistema Shyam Teleservices Limited (SSTL), today announced the commencement of services in Kerala under its MTS brand that provides mobile services in 6 other countries with a subscriber base of about 100 million. Kerala is its third service area after successfully launching services in Tamil Nadu last week and existing operations in Rajasthan (under the brand of Rainbow).

MTS is the latest entrant in the Indian mobile telephony market, introduced by SSTL, a joint venture between Sistema (LSE: SSA) of Russia and Shyam Group of India. As part of an inaugural offer, subscribers availing MTS services will be offered million minutes free talk time. Beginning today, MTS services could be purchased in 117 towns across six districts including Palakkad, Thrissur, Ernakulam, Alappuzha, Kollam and Trivandrum. By the end of June 2009, MTS will be present in 300 towns and by July it will be present in 400 towns of Kerala.

Speaking at the launch, **Mr. Vsevolod Rozanov, President and CEO of Sistema Shyam TeleServices**, said, "We are very positive about India and we believe this is a huge market for us to grow. Having made significant investments in India, a largest portion of it will be made to enlarge our network. MTS's entry into Kerala symbolizes our continued commitment towards rolling out our pan India services on schedule. Having been awarded licenses for 22 circles across India, we look forward to continue expanding our services nationally in the coming months".

MTS is reaching out to its customers in Kerala, with the message "**Maatu Lifente Plan**". As part of its inaugural scheme, the company intends to make its initial subscribers, minute millionaires, by offering one million minutes of talk time free through its "MCard". The minutes will be given as 150 free minutes daily on local calls from MTS to MTS, plus there will be a bonus of 10 free SMS daily to any network in India for the life of MTS license. Customers would need to buy a MCard worth Rs. 499 through retail and activate on a MTS SIM card.

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The MCard launch offer is ideal for families or groups of friends and even small businesses. They will be able to talk to each other for more than 4,000 minutes per month, every month for more than eighteen years. “We expect to attract a lot of first time customers, in addition to people switching from other operators, to avail themselves of the most incredible mobile value offer ever launched in India”. added **Mr. Srinirao Saripalli, Chief Operating Officer, Kerala & Tamil Nadu, Sistema Shyam TeleServices.**

Additionally, SSTL is also introducing host of other schemes such as MSaver 99 that will enable MTS to MTS unlimited local calls for Rs 99 , and MSaver 30 giving free SMS all day sent to any local or national network in India after first two SMS.

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About Sistema Shyam Teleservices

Sistema Shyam TeleServices {SSTL} is a joint venture company between Sistema {LSE: SSA} of Russia and Shyam Group of India. Sistema is the majority share holder in this joint venture with 74% stake. SSTL has licenses and spectrum to provide mobile telephony services on the in all 22 circles across the country.

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