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| Headline    | Sistema likely to hike stake in Indian mobile JV |

# Sistema Likely to Hike Stake in Indian Mobile JV

**KALYAN PARBAT**  
KOLKATA

**R**ussian CDMA biggie, Sistema may soon increase its stake in its Indian mobile JV, Sistema Shyam TeleServices Ltd (SSTL), to meet a portion of the company's financing requirement in calendar 2012, a top executive with direct knowledge of the development said.

With SSTL's promoters — the Russian government, Sistema and India's Shyam Group — deferring the company's listing plans amid adverse market conditions induced by the 2G scam, Sistema as principal stakeholder may play a lead role in thrashing out an alternate financing plan. At present, Sistema owns 56.68% of SSTL. The Russian government and the Shyam Group hold 17.14% and 23.98%, respectively while a clutch of minority shareholders own the residual 2.2% in the company.

"With the IPO on hold, Sistema increasing its stake in SSTL is a possibility to arrange the next round of funding. But that could change if the promoters go for a mix of



debt and equity. A final decision will be taken by October after factoring in both the opex and capex requirements," SSTL president & CEO Vsevolod Rozanov told ET.

But indications are SSTL's funds requirement for Year 2012 will be well below the \$600 million raised for calendar 2011, since the company's revenues from both voice and non-voice are in step with internal targets. "Delivering quality CDMA-based voice and data-centric wireless broadband services with a paltry 2.5 MHz of spectrum is a challenge. Our shareholders keep asking us about future tech-

nology strategy in the event the spectrum crunch continues. There are no easy answers and these are issues that will influence the financing plan. But for the moment, SSTL's revenues are growing, especially our dongles business which accounts for 15% of quarterly revenues," said Rozanov.

Today, 28% of SSTL's revenue emanates from the non-voice space and that is expected to grow to 30% shortly.

Technology strategy may well hold the key in so far as the financing plan goes. For instance, SSTL is yet to take a final call on whether it will nationally upgrade its CDMA networks to the EVDO-Rev. B level, which is known to offer faster data speeds and better spectrum utilisation. So far, it has embraced the technology only in Rajasthan.

At present, SSTL runs CDMA mobile services in 20 circles under the MTS brand banner, with the exception of J&K and Northeast. It has 12 million subscribers (including 0.8 million data customers). Till date, SSTL has invested over \$3 billion in network rollouts across its 20-circle footprint.

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| Headline    | Sistema plans tech upgrade for faster data downloads |

# Sistema plans tech upgrade for faster data downloads

## Awaits telecom policy to take a call on IPO

### Our Bureau

*Kolkata, July 8*

Sistema Shyam TeleServices Ltd (SSTL), which operates under the brand name of MTS, will opt for a technology upgrade to provide faster data downloads at higher speeds for its subscribers.

The company will start trial runs for its new technology – called EV-DO Rev.B - in Rajasthan by September.

MTS has a wireless subscriber base of nearly 11 million with 28 per cent of its revenues coming from non-voice-based services. It controls about 1.3 per cent of the nearly 800 million telecom market. The commercial use of EV-DO Rev.B technology will enhance the existing speeds of mobile broadband services that are available on SSTL.

SSTL is a joint venture between Sistema of Russia, the Russian Federation and the Shyam Group of India. Sistema is the majority stake holder with 56.68 per cent, followed by the Shyam Group of India having 23.98 per cent. The Russian Federation holds 17.14 per cent in SSTL. “Upgrading from EV-DO Rev 1(the existing technology) to Revision 2 (trial



**Mr Vsevolod Rozanov**

runs for which will start by September) will ensure higher speeds on the CDMA platform. The speed available on the CDMA platforms will be much higher than what is being offered by 3G GSM operators,” Mr Vsevolod Rozanov, President and CEO, Sistema Shyam TeleServices Ltd, said.

Currently, CDMA players use the EV-DO Rev 1 technology for providing data downloading services. ZTE has also won the CDMA expansion contracts and EV-DO upgrade contracts for 10 circles of SSTL.

### IPO OPTION

Mr Rozanov added that the company was awaiting the National Telecom policy to be un-

veiled by the Telecom Minister, Mr Kapil Sibal, in October, before deciding on a fund raising plan that includes an initial public offering (IPO).

“We are waiting for National Telecom Policy following which we will take a call on the IPO. There are various options before us and IPO is just one of them. Work and investment will not stop if IPO does not come soon as there are alternate means of financing,” he said. The company had deferred its IPO launch in June following the 2G probe and was awaiting clarity on spectrum allocation.

### BREAK EVEN

MTS is planning to break even by end 2013 with non-voice data accounting for nearly 30 per cent of the company’s revenues. According to its first quarter ended March 31, 2011, the company reported a 22 per cent rise in consolidated revenues – to Rs 236.2 crore - on a quarter to quarter basis. The company follows the calendar year for accounting purposes.

“Mobile average revenue per user for the quarter remained at Rs 82 and we hope to break even by end 2013,” he said.

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| Publication | The Times of India                             |
| Date        | 9 <sup>th</sup> July 2011                      |
| Headline    | SSTL hopes to break even in fourth qtr of 2013 |

## SSTL hopes to break even in fourth qtr of 2013

TIMES NEWS NETWORK

**Kolkata:** Riding high on the telecom sector growth in the country, CDMA telecom player Sistema Shyam Tele Services (SSTL) is expecting to break even in 2013 fourth quarter (October-December), president and CEO Vsevolod Rozanov said.

SSTL is a joint-venture between Russia's Sistema (56.68%), Russian Federation (17.14%) and Shyam Group of India.

SSTL, which delivers CDMA mobile services under the MTS brand in 20 circles, crossed the 2-million subscriber mark in West Bengal (including Kolkata circle).

Talking about its plans on technological upgradation, he said the company plans to start Evolution-Data Optimized Revision B services from July-September period this year. Revision B offers better connectivity for data services such as multimedia.

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| Publication | The Bengal Post                     |
| Date        | 9 <sup>th</sup> July 2011           |
| Headline    | MTS to take a call on IPO after NTP |

## MTS to take a call on IPO after NTP

Our Bureau

**Kolkata:** Sistema Shyam TeleServices Ltd (SSTL), which operates under the MTS brand in India, on Friday said it would decide on the ways and means to raise funds, including an IPO, after the government introduces the new National Telecom Policy (NTP).

"We are waiting for the telecom policy to come before we can decide on our fund raising plans including IPO," SSTL president and CEO Vsevolod Rozanov said on the sidelines of a function to celebrate MTS' crossing the two million customer base in the state.

Rozanov said the company is looking at ways other than an IPO as well to raise money for investments next year.

"There are various options before us and IPO is one of them. We are working towards it like having adequate independent directors, scaling up operations. However, work and investment will not stop if IPO does not come soon as there are alternate means of financing," he said.

Investment for 2011 was funded by capital raised from 17.14 per cent stake sold to the Russian Federation.

Rozanov said the company is working to introduce Version B of CDMA technology for faster data movement by modems.

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| Publication | The Times of India         |
| Date        | 15 <sup>th</sup> July 2011 |
| Headline    | MTS rolls out HSD          |

## MTS rolls out HSD

**Jaipur:** Telecom service provider Sistema Shyam Tele-Services on Thursday announced the launch of seamless high speed data (HSD) connectivity on the Jaipur-Delhi National Highway. With this launch, the company's brand - MTS - claims to have become the first telecom operator in India to offer seamless HSD connectivity on the 265-km-long National Highway between the national capital and the pink city.

This marks the beginning of a phased roll-out, wherein the company would launch HSD on some of the busiest national highways across the country, said MTS India chief operating officer (North and East Region) Atul Joshi. TNN

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| Publication | The Hindu Business Line                   |
| Date        | 15 <sup>th</sup> July 2011                |
| Headline    | MTS data services on Delhi-Jaipur highway |

## MTS data services on Delhi-Jaipur highway

### **Our Bureau**

*New Delhi, July 14*

Sistema Shyam TeleServices has launched high-speed data connectivity across the 265-km-long Delhi - Jaipur stretch of National Highway 8. MTS customers will be able to enjoy seamless connectivity on their laptops and smart phones as they travel between the two cities.

According to Mr Vsevolod Rozanov, President & CEO, MTS India, "With a view to

enhance customer experience, MTS has prepared a blueprint to take the mobile broadband usage in the country to the next level. In a phased manner, MTS will be launching seamless HSD services across some of the busiest highways in the country."

For enhanced customer experience, the company also plans to put in place a robust retail network along all the national highways.