

Publication	Business Standard
Date	19 th December 2011
Headline	Sistema plans to set up power plants in India

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PRESS TRUST OF INDIA
Moscow, 18 December

Russian conglomerate Sistema is exploring opportunities for setting up power plants and tapping the budding retail sector in India and is ready to invest up to ₹5,280 crore (\$1 billion) in such ventures.

"We are looking at a couple of opportunities in India to build power plants," Mikhail Shamolin, CEO of Sistema JSFC told a group of visiting journalists here.

He said the group was also keen to invest in coal mines globally, like Malaysia and Indonesia, to bring coal to India for the power plants it plans to build.

"We do not have any specific investment figures but we would be comfortable with up to \$1 billion (₹5,280 crore) of our own," Shamolin said.

The energy sector is of particular interest to Sistema, as it has tremendous potential and India's rapid economic growth was expected to increase power needs significantly.

"We want to increase investments in India in different fields... We believe Indian market is our future," Vladimir Evtushenkov, Chairman, JSFC Sistema, said.

Asked about expectations from the government, he said India needed to take particular steps to promote foreign investments and tell businesses in clear terms of the policy developments for at least the next five years.

Another area of interest for Sistema is applications of satellite-based navigation technologies based on the GLONASS constellation of satellites launched by the Russian Space Agency — Roskosmos. GLONASS is a high-end defence industry technology which is now being adopted for the civilian sector. It is pitched as an alternative to the Global Positioning System of the US.

Publication	The Economic Times
Date	19 th December 2011
Headline	After telecom, Sistema plans power, coal & retail foray

After Telecom, Sistema Plans Power, Coal & Retail Foray

VIKAS DHOOT
MOSCOW

Russia's largest business conglomerate Sistema wants to expand its India portfolio by entering the power generation, coal mining and retail businesses with investments of around \$1 billion. Sistema has a presence in India through telecom firm MTS India and is open to mergers and acquisitions once there is some clarity on the government's telecom policy.

The group's India plans mark a significant departure from traditional India-Russia business ties that have been largely restricted to defence deals and pharmaceuticals trade. MTS India was, in fact, one of the first consumer-facing businesses launched by a Russian firm in a market outside the former Soviet Union Bloc and CIS nations.

"We are coming to India with open eyes. We understand the difficulties, the Indian mentality and the growth story. We believe that the Indian market is our future," Vladimir Evtushenkov, chairman of Sistema's board which oversees \$46 billion of assets, told E.T.

Sistema Group CEO Mikhail Shamolin said India stands at an inflection point of growth like China was about two decades ago. "So, by investing in India today, we would hope to get the same growth that China delivered. We believe in India's young population and India has every chance to become one of the biggest markets in the world," he said. According to Shamolin, apart from oil and gas, the group is keen on investing in power generation and coal mining.

"We work very closely with Indian government. We know practically every person (that matters)," Evtushenkov said, adding that Sistema's India plans are being discussed with senior Indian government officials.

Publication	Financial Chronicle
Date	19 th December 2011
Headline	Sistema eyes power segment, lines up \$ 1 b

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SAGAR KULKARNI

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Sistema has launched a joint venture with Roskosmos — NIS-GLONASS — to adopt the navigation system for enhancement of transportation safety. “We are studying the Indian markets particularly Delhi and Mumbai for implementation of such systems,” said an official of NIS-GLONASS, the national navigation service provider.

The GLONASS constellation is also being used for accident emergency response project launched this year. In three years, the system is expected to cover the country’s entire territory. *PTI*

Publication	The Economic Times
Date	22 nd December 2011
Headline	MTS-India awaits new M&A norms to Expand

■ MTS-India Awaits New M&A Norms to Expand

MOSCOW Stuck with a meagre 2.5 MHz of spectrum, Indo-Russian telecom operator MTS-India is awaiting the new government policy on M&As to expand its operations in India. "We are waiting for the new M&A policy, because we do believe that the Indian market should be consolidated. We want to participate in this consolidation," Sistema JSFC CEO Mikhail Shamolin told a group of visiting journalists here. MTS-India is a joint venture between Shyam Telecom and Sistema JSFC. Sistema holds the majority stake in the JV. At the same time, Shamolin said MTS India was keen on having an additional 2.5 MHz of spectrum, as it has fulfilled its contractual obligations and has the required number of subscribers, making the company eligible for additional bandwidth.

Publication	The Hindu Business Line
Date	22 nd December 2011
Headline	Keen on telecom acquisition, Sistema awaiting M&A norms

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Press Trust of India

Moscow, Dec. 21

Stuck with a meagre 2.5 MHz of spectrum, Indo-Russian telecom operator MTS-India is awaiting the new government policy on mergers and acquisitions to expand its operations in India.

"We are waiting for the new M&A policy because we do believe that the Indian market should be consolidated. We want to participate in this consolidation," the Sistema JSFC Chief Executive Officer, Mr Mikhail Shamolin, told a group of visiting journalists here.

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At the same time, Mr Shamolin said MTS India was keen on having an additional 2.5 MHz of spectrum, as it has fulfilled its contractual obligations and has the required number of subscribers, making the company eligible for additional bandwidth.

"We have an agreement with the government which

says that we get 2.5 MHz spectrum and if we fulfil our obligations, we get another 2.5 MHz at the price we have paid initially," he said.

However, he said 5 MHz (2.5 MHz+2.5 MHz) was not a good quantity of spectrum to provide quality telecom services and pointed out that the global standard was 20 MHz.

"Five MHz is too thin and too little," he said, indicating that the group was waiting for the M&A policy to improve the situation.

"We are interested in consolidation. In which form exactly and in what kind of combination remains to be seen.

Definitely, we want to be one of the players. We do not want to exit the market given how much we have invested there and how important it is for business of MTS and Sistema," Mr Shamolin said. Asked about expectations from the government, he said India needs to take particular steps to promote foreign investment and tell businesses in clear terms of the policy developments for at least the next five years.

Publication	Financial Chronicle
Date	22 nd December 2011
Headline	Sistema keen on telecom buys



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CEO
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PRESS TRUST OF INDIA

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Publication	The Economic Times
Date	23 rd December 2011
Headline	Red squares at India Gate

Red Squares

At WHY THE TOP HONCHO OF RUSSIAN GIANT SISTEMA IS RARING TO INVEST IN THE INDIA STORY BEYOND TELECOM

India Gate



Mikhail Shamolin

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At 41, Mikhail Shamolin is probably one of the youngest global CEOs of a conglomerate that spans telecom to tourism, power to pharmaceuticals and oil and gas to radar equipment. His age, unsurprisingly, nudges him to experiment across segments and geographies, apart from performing helicopter aerobatics on weekends, scuba diving and skiing. And surprisingly, the President and CEO of Sistema JSFC (Joint Sector Financial Corporation), the \$28-billion behemoth ranked 342 in Fortune 500, comes out as a mature decision-maker in the rough-and-tumble of volatility. Sistema operates in India through its subsidiary MTS in the telecom space and has already pumped in \$2.5 billion over the last three years. Though Shamolin hopes to break even by 2014, he claims to have 'cracked the Indian market' through telecom.

The Russians are coming and there's no looking back as Shamolin makes a fresh bid to enter oil, power, pharma and integrated navigation systems in India, all at one go. As CD catches up with Shamolin on his day-long hurricane trip to India in Sistema's red sandstone New Delhi office, he spills the beans on the 'India' safari. "Telecom was a natural starting point for investing in India since MTS is the largest telco in Russia and the CIS. 'We've stayed in India for such a long time with only one investment in telecom because first we wanted to understand how the market works. Once we know the people and the market, we can move forward in a much more aggressive way,'" says Shamolin, quoting Frank Sinatra on New York and alluding to India: "If you make it there, you can make it anywhere".

Next in line is Glonass navigation system. The company has already set up offices across Delhi, Mumbai and Chandigarh. It specialises in very specific applications, mostly in working with governments. For example, it provides navigation tools for police systems or installs toll collection systems. Interestingly, the Russian Federation owns 17.14% stake in MTS India. That puts Sistema in a unique position while negotiating with the Indian government across other verticals. "Of course, the Russian Federation's stake helps. The Government of India is interested in various applications of Glonass, like Safe City," says Shamolin, elaborating on the nuts and bolts of Safe City—where sophisticated video surveillance has been installed to beef up security across cities.

Glonass has already installed 200,000 cameras in Moscow loaded with intelligence software "that can automatically identify different threats". It is integrated because it is interlinked with various other systems in cities, such as intelligent traffic management.

Alongside, Sistema is eyeing a captive power plant with an Indian partner and embarking on coal exploration in Indonesia. "Sitronix, the IT integration arm of Sistema, is starting to do business with Indian companies as well," adds Shamolin. Meanwhile, in pharmaceuticals, Sistema through subsidiary Binnopharm, is looking at bringing in Indian technology to produce drugs in Russia. Also, the company is in talks with the state-owned oil and gas company ONGC to pick up 25% stake in Bashneft (a core oil and gas asset of Sistema) "but global volatility is always coming in the way of negotiations," claims Shamolin.

FROM PAGE 1
RED SQUARES
AT INDIA GATE

NEW RING TONE

Sistema has been looking at opportunities across India, and not China, by design, not accident. "It was the idea of our Chairman Vladimir Evtushenkov (Evtushenkov, along with several partners, founded Sistema in 1993 and is a majority shareholder of the conglomerate) in 2002. He said India was an emerging market and we must invest here. India is the second largest market after China and given the way that demographics go, is slated to become number one," explains Shamolin. For instance, telecom, the major area for Sistema accounting for 53.1% of its revenues, was a natural starting point for India since the Chinese market was closed for foreign investments in the sector.

The march to India seems to have paid dividends. "There are some things Russian MTS can learn from Indian MTS, like cost control, network optimization, some marketing tricks that are being used here," says Shamolin, hinting at over 14 million customers on the network. Is Sistema, too, then governed by a global drive, like Toyota or Apple? Shamolin feels otherwise. "The global strategy for a company like Apple sits on designs from California and assembly in some other part of the world. You have suppliers from all over the place. We

don't have a go-global strategy in Sistema. It is basically an investment company," he claims. The objective is to get adequate returns on invested capital. "We invest money in certain projects at certain risk levels and balance various risks and portfolios across geographies and industries. So when I have a balanced portfolio, which is hedged against various currency risks, market risks, crisis risks and so forth, it is a long-term strategy," elaborates Shamolin.

That perhaps explains why Sistema switched from an operating holding to a financial and investment model in its organizational structure when Shamolin took charge in March. "Sistema used to be more of an industrial holding company and we wanted to transform to an investment company because we believe we can add more value in finding and realizing opportunities as an investment company than by trying to add value to managing your existing assets," says Shamolin. In the earlier model, top management was spending far more time in managing assets, which were already being managed by existing teams. That doubled up the work to a certain extent, admits Shamolin, leaving very little time for eyeing investment opportunities.



Mikhail Shamolin

GLOBAL CEO

Clearly in the driver's seat with the new investment model, Shamolin credits his success to being in the right place at the right time, not the hallowed classrooms of Wharton Business School, which he attended in the late 1990s. In fact, he thinks his success has more to do with six years at McKinsey (1998-2004), which gave "the best perspective on management across businesses and what is the most efficient process to manage businesses globally". Of course, though he served in the firm's Moscow office, his global chief executive happened to be the now-tainted Rajat Gupta. When asked about allegations of insider trading against Gupta and its impact on McKinsey, Shamolin shrugs with a classic repartee: "McKinsey is an institution. Rajat Gupta did what he did when he was not in McKinsey. What people do after leaving institutions is anybody's guess."

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NEW RING TONE

Publication	India Today-Gadget & Gizmoz
Date	January 2012
Headline	MTS Livewire & MTS MTag 3.1

MTS LIVEWIRE

There were talks about sub-\$100 Android smartphone but none was priced below ₹ 5,000. The MTS Live Wire is the most affordable Android smartphone but only for CDMA users. With a 2.8 inch resistive display, a stylus has been placed at the back for operating the device. With the ability to provide easy access to Google Services and Android Market for downloading apps, it runs on Android v2.2. For prepaid users, the phone is price at ₹ 4,999, however, postpaid users can get it for ₹ 2,999 by paying the balance in form of the monthly rental and accessing limited calls, data and messages for free.

Specs:

Android v2.2, 2.8 inch resistive display; 3MP camera; 600MHz processor; 256 MB RAM; 1000 mAh battery



MTS MTAG 3.1

Of all the smartphones mentioned on these pages, only the ones offered by MTS are meant for CDMA users. Priced relatively higher than its LiveWire, the MTag3.1 one has a 2.8-inch capacitive display and the matt finish makes it look elegant. This phone runs on Android v2.2 with a 600 MHz processor, but in addition, it comes with apps such as Task Manager and call recording. The 3 MP camera along with VGA quality video recording are the other highlights of this affordable Android.

Specs:

Android v2.2, 2.8 inch capacitive display; 256 MB ; 3.0 MP camera; 1000 mAh battery .