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For Immediate Release

Sistema Shyam TeleServices Ltd Announces Financial Results for the Fourth Quarter and Full Year Ended December 31, 2010

Gurgaon, India, 21st April 2011 – Sistema Shyam TeleServices Ltd. (SSTL), a joint venture between Sistema {LSE: SSA} of Russia, the Russian Federation and the Shyam Group of India, today announces its unaudited consolidated US GAAP financial results for the three months and full year ended December 31, 2010.

Key Financial Highlights for the Fourth Quarter and for the FY 2010

- Consolidated revenues for the quarter and year, up by 25% and 198%, to INR 1,937 million and 5,239 million, respectively.
- Consolidated OIBDA loss for the quarter and year, down by 9% and up by 39%, to INR 3,647 million and 15,037 million, respectively.
- Consolidated debt for Banks and Financial Institutions now stands at INR 55,702 million.
- In December 2010, the Government of the Russian Federation made an equity investment in SSTL by paying the rupee equivalent of INR 26,988 million for a stake of 17.14% in SSTL's share capital.

Key Corporate and Industry Highlights for the Fourth Quarter and for the FY 2010

- Mobile subscriber base for the quarter and year up by 27% and 190%, respectively to 8.4 million.
- Data card subscriber base for the quarter and year up by 65% and 61.9 times, respectively to 0.43 million.
- Blended mobile ARPU for the quarter was up by 5% and flat for year, translating to INR 82 and INR 77, respectively.
- Non-voice revenues from both data and mobile VAS for the quarter and year up by 66% and 21.6 times, to INR 442 million and INR 872 million, respectively.
- Share of non-voice revenue as a percentage of total revenue increased by 5% for the quarter and 14% for the year.
- High speed data services expanded to 100 largest cities of India by the end of 2010. Currently SSTL is present in 130 cities.

Vsevolod Rozanov, President and Chief Executive Officer of Sistema Shyam Teleservices Ltd., commented, “We are pleased to report our financial results for the full year and quarter ended 31st December 2010. The results are a reflection of our improving performance in one of the world’s most competitive telecom market. SSTL continues to deliver on its key strategic goals based on its “Data centric- Voice enabled” strategy. We have increased our revenues by 198% year-on-year and by 25% quarter-on-quarter as a result of a growing subscriber base especially in data cards and also due to an improvement in blended ARPU. I am also pleased to say that the Russian government’s investment of INR 26,988 million in the company at the end of the year provided us with additional financing that will help us to rapidly expand our high speed data network across India during 2011.”

Financial Summary

INR million	Q4 '10	Q4'09	y-o-y	Q3'10	q-o-q	2010	2009	y-o-y
Revenues	1,937	663	192%	1,461	25%	5,239	1,761	198%
OIBDA	-3,647	-3,779	3%	-3,982	9%	-15,037	-10,783	-39%
-margin	-188%	-570%	382 p.p.	-273%	84 p.p.	-287%	-612%	325 p.p.
Net Income	-6,051	-3,839	-58%	-4,940	-18%	-21,686	-12,565	-73%
-margin	-312%	-579%	267 p.p.	-338%	26p.p.	-414%	-714%	299 p.p.

The CAPEX investments made by SSTL in India to date stand at INR 56 billion, this includes the investment of INR 5,710 million made for the FY 2010. SSTL’s mobile subscriber base increased by 27% quarter-on-quarter and crossed 8.4 million customers as of December 31, 2010. The growth in subscriber base of the company was largely driven by further strengthening of the distribution network and an increase in its retail universe across India. Mobile subscribers’ MOU stayed approximately at the same level on a QoQ basis and amounted to 309 min for FY 2010. Though the data ARPU in Q4 was down by 1% and was up for FY 2010 by 625% to INR 274 and INR 261, respectively. However, blended mobile ARPU increased by 5.1% QoQ from INR 78 to INR 82. It is important to note, blended mobile ARPU has grown for 3 consecutive quarters for the company in a declining market. **The pan-India revenue market share of MTS India almost tripled from 0.25 % in Q4 2009 to 0.64% in Q4 2010 and for FY 2010, increased by 0.39 p.p. to 0.64%.**

The October to December 2010 quarter witnessed an improvement in the health and competitive scenario for the telecom market overall. Subscriber additions accelerated from the previous quarter to approximately 64.5M connections overall, ARPU for the industry declined by about 3% QoQ and wireless industry revenues grew by about 5% sequentially, marking the 5th consecutive quarter of industry revenue growth. The high-speed data market also witnessed acceleration in subscriber growth along with new players entering the market.

SSTL reported an OIBDA loss of INR 15,037 million for the year ended December 31st, 2010, reflecting an improvement in OIBDA margin of 84 p.p. on QoQ basis and 325 p.p. on a year-on-year basis. One of the drivers of improvement in OIBDA was on account of substantial growth in revenue. OIBDA in Q4 '10 Vs Q4 '09 improved by 3% as a result of +192% growth in revenue around the same time. The revenue growth in turn was driven by increase in customer base +190% in Q4 '10 Vs Q4 '09. **During 2010, SSTL launched its mobile data services in almost 90 new cities with total number of cities covered by high speed data services increasing to over 100 cities in India, including all the five Metros.** The number of mobile broadband subscribers of the company more than doubled QoQ to 0.43 million as of December 31, 2010.

Russian Government Investment

In December 2010, the Government of the Russian Federation (RF) made an equity investment in SSSL. Russian Government paid INR 26,988 million for a stake of 17.14% in SSSL's share capital. In March 2011 the equity shares have been issued to the Russian Federation along with completion of SSSL's Rights Issue of INR 1906 million. After aforesaid issue of shares, Sistema continues to be the majority shareholder with 56.68% stake. The RF Stake is 17.14% and the total FDI in SSSL owned by Russian parties (Sistema and the Russian Government) is well within FDI limit of 74%.

SSSL plans to utilize all the funds from the RF to finance the continued development of the company, and in particular to strengthen its leading position in wireless broadband. The funds will be used firstly to extend our market leading high-speed data network across circles of operation, secondly to expand high-speed data services to new circles and finally to increase the branded retail network across the various telecommunication circles.

About Sistema Shyam TeleServices Ltd.

Sistema Shyam TeleServices Ltd. (SSSL) is a joint venture between Sistema {LSE: SSA} of Russia, the Russian Federation and the Shyam Group of India. The Russian Federation holds a 17.14% stake in the company. Sistema is the majority shareholder with a 56.68% stake. SSSL provides its services under the MTS brand through a commercial agreement with Mobile TeleSystems OJSC, the leading telecommunications provider in Russia and the CIS. . In a short span of time, SSSL has secured over 10 million wireless subscribers and provides mobile broadband services under the MBlaze brand to more than 600,000 customers in over 130 cities in the country. For more information please visit <http://www.mtsindia.in>

For more information please contact:

Viraj Chouhan

Corporate Communications- Director

Sistema Shyam TeleServices Ltd

Viraj.chouhan@mtsindia.in

+91 9136404000