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Headline	'We're in for long haul and not for quick buck'

**CORNER OFFICE** MIKHAIL SHAMOLIN, PRESIDENT & CEO, SISTEMA SFC

# 'We're in for long haul and not for quick buck'

Samidha Sharma & Shubham Mukherjee | New

Mikhail Shamolin, 41, stepped into the president's role at one of Russia's biggest business conglomerates, the Sistema Group, just a couple of months ago but has already charted out big plans for the diversified group. Right on top of his list of 'things to do' is to make India a key market for the \$90-billion group with interests in sectors as varied as oil and gas, telecommunications, retail among others.

The group's presence in India is currently limited to its mobile services joint venture, Sistema Shyam Tele-services (SSTL), which runs the MTS brand, but Shamolin is ready to take the next step. The LSE-listed group has identified the oil and gas space as one of its key areas of interest. It signed an agreement with ONGC Videsh, the foreign arm of the state-owned energy explorer last year and is now looking at ways to take this relationship beyond the Russian market. ONGC and Sistema have agreed to jointly explore and invest in oil and gas in key countries. Other areas like infrastructure and entertainment are also on the radar for the group, which generates 47% of its overall revenue from oil and gas while the telecom business contributes about 41%.

Before coming on board at the group, Shamolin served as the MTS Group president and CEO for three years till March this year as he spearheaded many significant developments at the mobile services company.

Credited with transforming MTS—the largest mobile services operator in Russia—from being a mobile-only access provider to a fully integrated telecom company, Shamolin drove MTS's entry into fixed-line services through the acquisition of Comstar UTS, a provider of integrated telecommunication solutions in Russia. Even though the Sistema chief admits that he is not an India expert just as yet, the group's vision is to make India a lucrative market—only next to Russia—in the long term despite all the challenges that it throws up.

**Tell us about what the Sistema Group is expecting from India as a market considering you are now looking to grow beyond telecom here?**

India will grow at about 9-10% annually with consumption levels rising and a stable political system in place. It is one of the toughest markets to compete in but the potential is great as well. We came to India understanding the potential of the country. It is clearly the big focus area for us after Russia.

We entered India through our telecommunications business and it has been a tough industry to be in considering the number of players, regulatory issues, which do not allow for consolidation, and the price competitiveness. There are too many players and therefore there is too much strain on the industry and the quality of services has suffered on the voice and needless to say on the data side. But we are here for the long haul and not to make a quick buck and exit.

**What are the new business ideas you are exploring here?**

Sectors like infrastructure and energy where we are partnering with ONGC are the big growth areas. We are also evaluating the entertainment business as back home we are into movie production. We have the money; it's about the returns we can generate and in how much time. Talks are on with many parties but no final decision has been made yet.

We will look at both acquisitions and mergers to gain scale in the (telecom) market

**What exactly will you explore with ONGC Videsh?**

The agreement with ONGC Videsh enables us to consider opportunities for a potential transaction involving our majority stake in JSC Bashneft and 40% stake in RussNeft, each of which owns and operates numerous fields and refining assets, and ONGC Videsh's 100% stake in Imperial Energy Corp, which owns and operates fields in Russia. Along with this, any other oil and gas asset, which ONGC may acquire before definitive agreements are signed, plus possible cash investments are also part of the agreement. We have also agreed to consider joint investments in each other's existing and future exploratory assets in key markets as well.

**As far as India goes, what are the plans here considering the group has its biggest play in the oil and gas sector back home?**

We see there is huge opportunity as far as energy needs go for India. We may buy a coal mine or build an LNG terminal and import gas from other markets. Be it an electrical power plant, new field development, liquid gas terminals—we are considering all these opportunities seriously. There are many options and we are talking to a lot of players here in India. Most of these ventures will be through

joint ventures as the capital expenditure is huge and therefore we will like to share the risks.

**You spoke about the potential of the infrastructure sector in India, what sort of options are you weighing in this space?**

We are looking at Glonass, a system of navigational satellites for location-based services just like the GPS as a big project which has been introduced in Russia. It is something that we can bring to India as there is a huge market for transport applications to develop intelligent traffic management systems. We want to develop a product jointly. In fact, we are holding talks with an Indian company which is designing a traffic development system for Delhi. This technology can be embedded in our mobile phones as chipsets along with GPS for higher accuracy.

**What about MTS? What is the way ahead for it considering you have spoken about looking at merging operations with bigger players? Also, does it hurt your growth in India that you are only a CDMA technology player?**

We will look at both acquisitions and mergers to gain scale in the market. But we want to maintain the MTS brand in whatever consolidation that takes place as it is very strong globally. MTS India currently has about 11 million subscribers. But we will like to add scale to our operations and consolidation is the way forward. We expect the new telecom policy will help address this issue.

Also, our stress on CDMA will remain. In fact, in a few years, with the Long Term Evolution (LTE) technology it will not matter if you are a GSM or a CDMA operator. GSM and CDMA carriers will, in time, converge their networks on the LTE technology. So the strategy is to target the data segment and help its share grow to 30% of our overall revenue in three years.



MIKHAIL SHAMOLIN

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Headline	MTS offers half-a-paisa per sec tariff

## MTS offers half-a-paisa per sec tariff

**New Delhi:** Sistema Shyam TeleServices Ltd (SSTL), which operates under MTS brand, on Monday offers tariff of half-a-paisa per second to all its customers to make a call on any telecom network in the country.

“For the first time in India, customers can now avail half paisa per second tariff for lifetime on all local and national outgoing calls made to any telecom network in the country,” SSTL, which is a joint venture between Russia-based Sistema and Shyam Group of India, said in a statement. Existing MTS mobile customers can avail this offering for Rs 191. On the other hand, new customers need to pay Rs 203. Both existing and new customers will also get a talk time of Rs 50, the release added.

“We have now taken our half paisa per second proposition to the next level. This would enable our existing and new customers to stay connected with their loved ones no matter where they live in the country,” MTS India chief marketing and sales officer L Musatov said. PTI

Publication	The Hindu Business Line
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Headline	MTS launches half paise per second tariff plan

## **MTS launches half paise per second tariff plan**

**Our Bureau**

*New Delhi, May 30*

Sistema Shyam TeleServices-Ltd (SSTL) has introduced a new plan that allows subscribers to make local and STD calls at half a paise a second. MTS subscribers will be able to call users of any other mobile operator, anywhere in the country for the entire lifetime.

Existing MTS customers can avail themselves of this offering for Rs 191. On the other hand, new MTS customers need to pay Rs 203. Both existing and new customers will also get a talk time of Rs. 50. For availing the lifetime offer, MTS has introduced an auto renewal process through which customers can continue using this tariff benefit for lifetime by doing a cumulative usage/recharge of just Rs 900 over a period of six months.

According to Mr Leonid Musatov, Chief Marketing & Sales Officer, MTS India "This would enable our existing and new customers to stay connected with their loved ones no matter where they live in the country." MTS currently has 11 million subscribers.

Publication	Tele.Net
Date	12 <sup>th</sup> May 2011
Headline	MTS cuts calling rates

## Arvind Kumar

Chief Operating Officer, Uttar Pradesh, East and West, SSTL

For Arvind Kumar, chief operating officer of Sistema Shyam TeleServices Limited's (SSTL) Uttar Pradesh (East and West) circles, the challenges at work typically include directing, planning and managing the development, implementation and execution of all business and operational strategies of MTS in the circle.

During a 25-year career he has worked with leading Indian and multinational organisations such as Mitsubishi Corporation, Philips and BPL. Prior to MTS, Kumar worked with RCOM as regional head for Punjab, Haryana, Himachal Pradesh as well as Jammu & Kashmir.

Speaking of his most memorable assignment, he says, "The two years I spent as circle head for RCOM's Uttar Pradesh (West) circle are the most unforgettable. It was my first assignment as circle head, leading a highly motivated and energetic team that set up circle operations from scratch and went on to a leading position."

Kumar strongly believes that in the coming years the trend will be more towards data usage than voice. Being a data-centric organisation, he hopes that the company will be able to leverage its strengths to provide

consumers with best-in-class data solutions.

He also predicts a move towards consolidation. "The wind is blowing towards consolidation and we may see mergers and acquisitions taking place in the sector over the next three to five years."

A commerce graduate from the Shri Ram College of Commerce, Delhi, Kumar went on to obtain a postgraduate diploma in marketing from the Faculty of Management Studies, Delhi. Life in the corporate world wasn't exactly what he had dreamed of in his youth. "I belong to a family where government service was *de rigueur*, so naturally, I wanted to get into the civil services. I guess, the mood in college was different and eventually, I decided to make a career in the corporate world."

Kumar has absolute clarity on his goals and the road map leading to their realisation. He believes in creating an environment of trust and transparency – one in which individual aspirations merge seamlessly with organisational objectives. "Happy channel partners, happy employees and happy customers is what we are aiming for," he says.

His personal objectives are less ambitious, though more enjoyable. "Travelling gives me a huge high, especially driving in the hills whenever I find the time," says the father of two daughters. He seems able to maintain that all-important "work-life balance", finding time to indulge in his passion for retro music and a serious gym workout. Any unfulfilled dreams? "Yes, I'd love to learn to play the guitar," he says. ▲

