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# Sistema Weighs Next Steps in India Mobile Market

By Rachel Nielsen

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Sistema is eager to keep its place in the Indian cell-phone market.

AFK Sistema is redoubling efforts to find mobile service provider partners in India as it deals with drawn-out uncertainty over its revoked wireless licenses there, though its Indian division has continued operations as usual, a source close to its management said.

Though Sistema has long discussed potential business cooperation between its Indian subsidiary, Sistema Shyam TeleServices Limited, and local operators, negotiations have revved up since Sistema owner Vladimir Yevtushenkov paid a visit to India in mid-July, Vedomosti reported.

Sistema has been awaiting clarity over its mobile phone business in India since February, when the Supreme Court of India nullified more than 100 licenses for the 2G spectrum, including 21 of the 22 licenses owned by Shyam, saying all of them had been awarded improperly in 2008.

The court decision was the culmination of public outrage over perceived backdoor dealings between Indian and foreign mobile operators and India's then-telecommunications minister.

The cancellations have raised the possibility that the operators will need to pay for the licenses a second time at far higher prices. While the current Indian government has supported the court's ruling, there hasn't been any resolution thus far.

Yevtushenkov told Vedomosti that talks about a business alliance are actively under way, though he didn't say with what companies.

But a former executive with Shyam in India said the division is proceeding with business development. Shyam is opening new offices and promoting its services as usual, said the source, who has been in touch with Shyam's top executives.

They said business is "fine," suggesting that Indian officials haven't cracked down on Shyam as much as expected after the court case, the source said. He declined to be named for this article, citing the sensitivity of the topic.

Shyam's corporate office in India couldn't be reached immediately for comment.

Sistema's multiple business dealings with Indian companies and the Indian government in segments outside of telecoms could be giving it additional protection, the source said.

The former executive, who worked with Shyam in 2008, characterized the court decision as politically motivated.

"If [Indian officials] want to change ownership or cancel a contract or even [change regulations], they just announce that management was corrupt," he said.

In India, however, the case "is viewed as one of the worst in India's post-independence history," the Financial Times reported in February.

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