

Sistema Mulls Merger in India

By [The Moscow Times](#)

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Sistema's Indian division is set to gain a sizable pie of the Asian giant's loss-making Tata Teleservices as their merger talks have progressed substantially, though a formal announcement will have to await a few months, a report published in India's business daily The Economic Times said Tuesday.

Though the two companies have even appointed bankers for the linkup, the transaction will have to be held until the Indian government unveils its new merger and acquisition policy for the telecom sector, expected within the next quarter.

Sistema's subsidiary, Shyam Teleservices, operates under the MTS brand while Tata Teleservices operates under the DoCoMo brand. Current merger and acquisition rules require Sistema to either surrender or pay the market price to retain the airwaves held by Tata Teleservices.

The Indian operator has been incurring losses ever since its launch and has now accumulated total debt of more than \$3.69 billion, as well as ballooning interest charges. The company is

finding it hard to repay the principal amount and the crisis has been aggravated further as stakeholders have started withdrawing funding from the company.

Tata Teleservices has shut operations in three service areas and is facing a partial closure in another five. The company has entered into roaming agreements with Aircel to cover the gaps in its network. Tata Teleservices subscriber base has also shrunk, from 80.2 million last June to 66.9 million in February 2013.

Japan's NTT DoCoMo bought a 26 percent stake in Tata Teleservices in November 2008 for about \$2.18 billion, valuing the company at more than \$8.39 billion.

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