

Sistema Looks to Keep Indian Mobile Licenses

By [The Moscow Times](#)

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NEW DELHI — AFK Sistema asked India to settle within six months a dispute over a court order to revoke 21 telecoms licenses held by its joint venture in the country, and said it reserves the right to approach an international tribunal.

Sistema Shyam TeleServices or SSTL, majority owned by Sistema, is set to lose all but one of its telecoms permits after an order by India's Supreme Court earlier in February to revoke in four months a total of 122 licenses awarded under a scandal-tainted 2008 sale.

"Sistema believes that the cancellation of SSTL's licenses following Sistema's investment of billions of dollars into the Indian cellular sector is contrary to India's obligations" under a bilateral investment treaty between India and Russia, the oil-to-telecoms conglomerate said in a statement this week.

The Russian holding, controlled by billionaire Vladimir Yevtushenkov, said it sent a "formal

notice" through its legal counsel to India's finance, foreign and telecoms ministries to settle the dispute in an "amicable way" by Aug. 28.

"Sistema believes it has a strong case and reserves the right to commence proceedings against India before an international arbitration tribunal ... if the dispute is not settled amicably within the deadline," it said.

Sistema owns 56.68 percent of the mobile phone carrier, which is ranked ninth in India's 15-player mobile phone market. It had 15 million customers as of the end of last year. India's Shyam Group and the Russian government are the other key shareholders.

Sistema Shyam TeleServices also plans to separately contest the Supreme Court order and will file a petition this week, seeking a review of the order, the carrier's chief executive Vsevolod Rozanov said in the statement.

The license cancellation order affects eight companies totally, including Norway's Telenor and Abu Dhabi's Etisalat.

The companies losing their licenses have the option to bid and win back the licenses and radio airwaves in an auction, for which rules have yet to be set.

Telenor, whose majority shareholder is the Norwegian government, has said it will fight the order using legal as well as diplomatic channels.

Telenor wants to scrap its current Indian joint venture and dump its Indian partner and said it will migrate the business to a new company. It had earlier said it would consider bidding in the auction after seeing the rules and base price.

Sistema Shyam, which operates on the CDMA technology platform, plans to bid for radio airwaves in the upcoming auction.

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