



S Tel's Rs. 2000 crore telecom project achieves financial closure in less than six months

The first among new Indian telecom operators to make financial closure

Lead banker IDBI and a consortium of eight Public Sector Banks fund the long term requirement

Project cost to be met through a debt-equity ratio of 1:1

New Delhi, November 6th, 2009: **S Tel Private Limited (S Tel)**, one of the new entrants in the Indian GSM space, today announced that it has accomplished a financial closure of its project with **Rs. 2000 crores** outlay, making it the first among the new telecom operators to have achieved the landmark. Eight leading public sector banks led by IDBI have come forward to provide the **Rs. 953 crore** long term funding of nine years to the company. The eight domestic banks forming the consortium include State Bank of India, Canara Bank, Punjab National Bank, Central Bank of India, Union Bank of India, Allahabad Bank and Bank of Baroda. In addition, the promoters, Siva Group as well as Batelco have already brought in the equity capital of Rs.1253 crores.

Commenting on the debt allocation to S Tel, **Mr. B K Batra, Executive Director and Group Head – Corporate Banking, IDBI Bank Limited** said, *“We understand that Category C telecom circles have high potential for connecting large masses of India while also making business sense due to a huge untapped, less penetrated market. S Tel’s sound business strategy and operating model with a focus on these markets are the key parameters for allocating this long term financial funding. Besides, the combined backing of strong Indian and overseas promoter groups, Siva Group as well as Batelco, played an important role in our decision.”*

On the occasion of signing the financial agreement with the lenders, **Mr. Shamik Das, Chief Executive Officer, S Tel** said, *“With the successful financial closure, we are set to launch our services in six G (growth) Circles over the current year and early next year. In line with our vision, we will be deploying the best telecom expertise with advanced*



technology & equipments to provide state of the art telecom experience to our customers. We will bring better choice to the consumer which is tailored to meet their needs.”

Commenting on the announcement, **Mr. Sanjeev Bafna, CFO, Siva Group** said, *“Although based on the merits of the project, S Tel received subscription from the consortium to the tune of Rs. 1500 crores, S Tel will be borrowing only Rs. 953 crores in line with the appraised limits and in a phased manner to meet the project requirements. The funds will be used over a period of two to three years for fuelling growth of S Tel’s business.”*

*“We are delighted to have closed the funding in less than six months of initiating the process. This will make S Tel the **fastest among the new telecom operators to roll out services** post acquisition of licenses. The company plans to start operations shortly in Himachal Pradesh, Orissa, Bihar & Jharkhand, Jammu & Kashmir, North East and Assam,”* said **Mr. Arun Mandhana, Chief Financial Officer, S Tel Pvt Ltd.**

S Tel is a Greenfield operator targeting category C circles. These mobile markets are witnessing a high CAGR of 102% as opposed to 42% clocked by metros (as per inferences from TRAI Release on QE June’09). Overall, C circle markets have so far seen below 26.5% mobile penetration and contribute only 12% of all India’s subscribers base (as per TRAI report month ended August 2009).

About S Tel Pvt Ltd

S Tel Private Limited (S Tel), a new telecom operator in the Indian marketplace, is a joint venture between Siva Group (formerly Sterling Infotech Group) and Bahrain Telecommunications Company (Batelco).

S Tel has acquired Unified Access Services Licenses (UASL) and spectrum to operate in six Category C circles – Orissa, Bihar, Himachal Pradesh, North East, Assam and Jammu & Kashmir. These licenses will enable the company to provide Unified Mobile service, wireless broadband and innovative Value Added Service (VAS) covering a population of over 226 million across these circles.



Headquartered in NCR region of Delhi, the company plans to launch its mobile telephony service in India before close of 2009. Siva Group is a USD 3 billion group (about Rs.14,000 crores), with diversified business interests in verticals such as wind energy, shipping & logistics, hospitality & realty, media, EPC, education and agro business. Bahrain headquartered Batelco is a diversified, integrated telecommunications operator with Mobile, fixed and wireless broadband, Datacom and fixed line services. It has operations in 7 markets across the Middle East, North Africa and Asia.

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