Annexure 1 : Share holding pattern of Devas Multimedia Limited, Bangalore (Refer Paragraph 3.5)

No	Particulars	Status of the investor	At time of incorporation	2005-06	2006-07	2007-08	2008-09	2009-10	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	**D.Venugopal s/o D.V.Prasad**	Ex. ISRO official	9000		**622**				**9622**
2	**Umesh M s/o K.Venkatramanayya**	Ex. ISRO official/LDC	1000		**-733**				**267**
3	**CC/ Devas Mauritus Ltd**	Foreign Investor	0		**18847**	**11978**		**525**	**31350**
4	**Telecom Devas Mauritius**	Foreign Investor			**18847**	**11978**		**525**	**31350**
5	**Deutsche Telekom Asia Pvt Ltd**	Foreign Investor					**28349**	**8400**	**36749**
6	**M.G.Chandrasekhar**	Ex. ISRO official		**9623**		**29000**	**-3400**		**35223**
7	**Ramchadran Viswanathan**	Employee of M/s Forge Advisors		**9623**					**9623**
8	**Paresh Shah**	Employee of M/s Forge Advisors		**9622**					**9622**
9	**James Fox**	Employee of M/s Forge Advisors			**4179**				**4179**
10	**D Natraj**	Ex. World Space employee		**267**					**267**
11	**Abhishek Jain**	Employee of M/s Forge Advisors		**267**					**267**
12	**Clarence Irving**	Employee of M/s Forge Advisors		**267**					**267**
13	**Amirali Hudda**	Employee of M/s Forge Advisors		**533**					**533**
14	**Garry M Parson**	Columbia Capital employee				**798**			**798**
15	**Lawrence Babbio Junior**	Telecom Devas employee				**798**			**798**
16	**Devas Employee Mauritius Ltd**	Mauritius limited company						**4511**	**4511**
17	**Murugappan A.**	Ex. Defence personnel					**6400**		**6400**
18	**Miscellaneous transfer**			-2					**-2**
19	**Total in Columns (10)**								**181824**

Source: Return of allotment, list of allottees furnished by Devas to Registrar of Companies, Karnataka, Bangalore

Annexure 2: Comparison of Antrix- Devas contract with other transponder lease agreements (Refer Paragraph 3.8)

Terms of Devas Transponder lease agreement	Corresponding terms of other transponder lease agreement	Advantages to Devas
The leased capacities: Entire capacity of digital multimedia mobile satellite was leased to one company. There was no clause disallowing sub-leasing.	Various types of transponders applicable to TV/ DTH/ DSNG/ VSAT services were allotted to different customers specifically disallowing any sub-leasing.	Allocation of satellite capacity exclusively to Devas was against the principle of "non-exclusive allocation" of satellite capacity by ICC.
Period of lease and terms and conditions: Period of lease provided in the Devas contract was for the entire expected life of two satellites (PS1 and PS2) for 12 years. The second satellite was to be launched as a follow-on satellite to the first one. Additional capacity was to be provided based on a 3 year notice subject to entering into fresh lease and regulatory approvals.	Period of lease was a definite lease period ranging from one to 10 years. The lease amount had a relationship with the time for which it is leased. Only part capacity of a satellite was being leased to a customer, not the entire satellite.	This clause was again an open-ended one to benefit Devas. The scarce and valuable 70 MHz S-Band space spectrum and 83^{o} East orbital slot was earmarked for an indefinite period to Devas without any financial consideration.
Insurance: Clause d of Article 3 contained the following terms and conditions: PS1: insurance (including in orbit insurance) was to be borne by Antrix and re-launch guarantee for PS1 in case it failed. PS2: Devas was to insure both launch and in-orbit insurance. If PS1 launch successful, PS2 re-launch was guaranteed by Antrix. If two out of ten transponders failed continuously it would be treated as a total satellite failure.	Terms of other transponder lease contract only addressed the extent of transponders leased. Other transponder lease contracts did not provide for re-launch guarantee because the entire satellite was not being leased to the customer. Other contracts were silent on the matter of insuring risks of failure. Article 1 only specified that DoS would use best efforts to provide capacity on an alternate satellite in the event of a technical contingency.	According to the terms of contract stipulated in GFR, terms of the contract were to be precise , definite and should not involve an uncertain and indefinite liability. Audit however observed that under this clause there were many conditional clauses passing on the risks to the credit of Antrix and benefits to the credit of Devas. The risk of a satellite failure or a launch failure was resting with Antrix without any financial consideration, even though it was only leasing the transponders and was not associated with the business itself.
Approvals: Devas contract, provided that all necessary Governmental regulatory approvals, operating licenses from	According to SATCOM policy, the Indian satellites are owned by DoS and orbital slot allotment was to be obtained from ITU by DoS through	The clause in the contract that regulatory approval would be arranged by Antrix and were against stipulation of SATCOM policy. Further, Devas

various Ministries via satellite and terrestrial networks were to be arranged by Antrix and payable by Devas.	WPC wing of DoT. Other regulatory approvals such as spectrum allocation from WPC, operating licence for terrestrial operations from DoT, operating licence for broadcasting operations from MIB were to be obtained by the service-provider following regulations/ laws in force.	service is a new Devas service and regulations/ guidelines on this service yet to be framed. Therefore, obtaining regulatory approvals for this services especially utilising scarce S-Band spectrum would have posed a challenge. In Devas contract, Antrix offered to arrange all these regulatory approvals free of cost to a private company.
Monitoring: Clause g&h of Article 3 of Devas contract provided that Antrix was to provide Devas an opportunity to review progress reports, major milestones, delays, criticality, etc. Antrix installation would exhibit technological visibilities and allow Devas representatives to Antrix facilities, provide project office space for 3 to 5 Devas employees. The cost would be borne by Devas.	Such terms were not found in other contracts.	DoS allowed Devas greater involvement in each stage of design and development of the satellite, indicating that the satellite was tailor-made for the needs of Devas, a dispensation exclusive to it.
Charges: Devas contract provided that the contract for customer-specific satellite provided for annual lease charges of US $ 9 million per year and a capacity upfront reservation charges of US $ 20 million payable in three installments during the development and realisation phase of the satellite. The payments were to be made at the rate of ₹43.78 per one US dollar irrespective of fluctuation in dollar rates. Thus effectively, Devas were to make a payment of ₹560.38 crore per satellite.	In other transponder lease agreements, the general terms of payments were: (i) payment for lease charges and (ii) reservation fee of 25 per cent of annual lease charges adjustable at the end of the lease period. Some lease agreements had in-built clauses for a percentage increase in lease charges with the ultimate year being charged at markets rates adjusted to inflation. In other cases, the clause relating to market conditions was absent, however, all amounts were payable in advance.	Transponder lease agreements generally provided for a five percent increase in the annual lease charges for the contracts whose lease period is more than one year. Such terms, beneficial to the interest of Government was missing which were not available in Devas contract. In GSAT-6 and 6A satellites, the entire investment on the satellite of ₹1707.50 crore should have been recovered in two satellites, instead contract provided for recovery of ₹1120.76 crore for two satellites in three installments. Instead of ₹7.11 crore per unit chargeable only ₹4.67 crore per transponder year was charged. On the one hand, the charges were subsidised, on the other hand, annual increase applicable to transponder lease agreements were also not charged extending double advantage

		to Devas.
Terms of payment: Devas were to pay a lease charges at the rate of US $ 11.5 million per year against US $ 9 million once it became cash flow positive. Further, Devas were to make all payments in Indian rupees, and amounts listed in US dollars were to be paid in the equivalent Indian rupees at prevalent exchange rates on the date of signing the agreement. This worked out to ₹43.78 per US dollar.	Transponder lease agreements had only rupee terms. Terms of payment were not co-related to the cash-flow situation of the customer. Instead, only specific amounts to be paid annually by customers were exhibited in the contracts.	In normal transponder lease contracts, a provision for annual increase of five percent was provided, Devas contract however provided for an increase only when it was cash-flow positive.
Interruption in the provisions of leased capacity: Devas contract provided that it would be eligible for one day (24 hours discount) discount in its lease fees for an interruption of more than four hours in a month. If four such interruptions occur continuously for three successive months, then the satellite is declared as a total satellite failure. Half an hour failure eight times in a month would also be declared as total satellite failure.	Terms of other transponder lease contracts provided that there was no credit for less than one hour duration. In cases of more than one hour interruptions, discounts were to be provided proportionately.	The clauses relating to interruptions extended a subsidy to Devas in case of interruptions, instead of the routine one-hour discount offered to other customers. Further, eight half-hour failures per month, or four interruptions (of 4-hour duration each) for three successive months, would be declared as total satellite failure. Antrix-Devas agreement provides for a discount on transponder lease fee ranging from ₹4.67 crore (being 10 per cent of annual transponder lease charges) to ₹14.01 crore (being 30 per cent of annual transponder lease charges) annually depending on the type of transponders failed.
Termination of contract: Devas contract provided that due to problems in regulatory approvals, Devas could terminate contract on or before Pre Shipment Review. In that case, Devas would forfeit upfront reservation fee/ charges. If Antrix were to breach any provision of the agreement on three months notice from Devas, it was to immediately reimburse all	Other transponder lease contracts provide for termination of the contract on 3 months' prior notice on either side and regulatory approvals were the responsibility of the customer.	Therefore termination of the contract at Antrix/DoS's convenience, or in case Antrix /DoS was at fault, imposed a liability on Antrix /DoS to return the capacity upfront fees to Devas. However, the fact not spelled out in the contract was that the investment in the realisation of the satellite was the liability of Antrix /DoS.

the fees. If Antrix fails to get orbital slot and frequency spectrum on or before pre-shipment they were to refund the received amount to Devas without any compensation/ damage. In case of two successive launch failure of PS1, Antrix will refund upfront reservation fee of PS1.		
Payment: Devas contract provided for advanced quarterly licence fee which were to be paid within 30 days from the date of receipt of invoice. Interest was payable for the delayed payment beyond 30 days from the date payment is due.	The general terms of payment adopted in transponder lease contracts were all sums were payable by the customer when due and payable before the first day of every quarterly period in advance. Non-submission or late submission of invoice would not absolve customer from the liabilities to pay. Interest was payable for the delayed payment.	Penalty for delayed payment of licence fee was payable by other customers even if invoice was delayed by DoS, in case of Devas, a time of 30 days was allowed for payment from the date of receipt of invoice by Devas without any penalty.
Board Participation: Devas was to offer Antrix the option to appoint its senior officer to the Board of Devas. The officer so appointed was to act as an observer and not have any voting rights.	Other transponder lease contracts did not contain such clause.	The provision in Devas contract had the potential to create conflict of interest. Though Antrix-Devas agreement was a transponder lease agreement, the project was carried out in the form a collaborative project with representatives of ISRO on the Devas Board. This was apparently to create the confidence among the international investors of Devas and was advantageous to Devas.
Representations and Warranties: Antrix could offer another satellites to other parties: - in due recognition of Devas seniority with prior intimation to Devas - provided this did not infringe upon confidentiality agreements with Devas - provided Devas schedules and	Such terms were however not available in other transponder lease agreements.	The condition gave the needs of Devas primacy over other customers. In effect, this clause might have created a situation of "first among equals" for Devas.

deliverables were not affected.		
Assignment: Devas may sub-licence, assign or sell all of its rights under this agreement without any approvals from Antrix.	Other customers who signed transponder lease contracts were not allowed to assign any of their rights or delegate any of their obligations without written consent of DoS.	This clause conferred a commercial advantage to Devas, which was not extended to other customers.
Governing law: Devas contract provided that for the purpose of this agreement, rights and responsibilities of the parties hereunder were to be subject to and construed in accordance with the laws of India. Arbitration proceedings were to be in accordance with International Chamber of Commerce, or UNCITRAL.	Other transponder lease agreements provided that any dispute or differences between the parties was to be settled by arbitration in accordance with the rules of Arbitration of the Indian Council of Arbitration and the Award made in pursuance thereof shall be binding on parties.	Arbitration clause of the contract therefore recognised Devas as an international customer though their registered address as per the contract was Bangalore. International agreements binding on a department of Government of India (DoS) involving international customers, arbitration proceedings, etc., required under international law were to be cleared by legal cell of Department of Space and vetted by Ministry of Law. This was not done in the case of the contract under discussion.
Liability of damage: Devas contract did not provide liability of damage instead provided for a compensation for delay A penalty of US $ 416666 for every month subject to a penalty cap of five million dollars for a delay of 12 months was payable by Antrix to Devas for the delay in lease.	Normal transponder lease agreements entered by DoS provided for a clause on liability for damage. The clause provided that DoS would not be liable to pay for any direct or indirect or consequential loss or damage sustained by customer or any other person through the customer. There was no penalty clause for the delay in lease.	Devas was singularly unique in that it was to be compensated for delay of one year lease, and for an amount as much as $ 5 million without approval of Ministry of Law.

Annexure-3: List of INSAT Contracts selected for detailed Audit (Refer Paragraph 3.8)

No	Contract No date	Name of the Customer	Expiry Date	Contract period in years	Satellite	Launch date	Type of Bandwidth	Transponders	Current Bandwidth Used	Annual Contract Value (in crore	Unit cost in ₹ crore	Contract status	Type of service	Whether clause for increase in Transponder lease charges included in the agreement
1	INSAT-Lease-4A-11A-2008 dated 03/17/08	Television Eighteen India Ltd, New Delhi	04/30/11	3.00	INSAT-4A	12/22/05	C-Band	0.25	9	1.10	4.40	CNS	TV	No
2	ANTX/203/ DEVAS/2005 dated 01/28/05	DEVAS Multimedia (P) Ltd		12.00 each	GSAT-6 and 6A	NL	S,C-Band	10 each	70.00[16]	46.70	4.67	CNS	Multimedia	No
3	INSAT-Lease-4G-DTH-8- 2007 dated 10/30/07	ETH Airtv Limited	10/29/17	10.00	INSAT-4G[17]	NL	Ku-Band	6	216	28.40	4.80	CNS	DTH	No
4	INSAT-Lease-3C-MSS-5-2008 dated 07/08/08	Avantel Softech Limited	07/07/13	5.00	INSAT-3C	01/24/02	MSS TX	600 terminals	80	0.07	9	RC	MSS	Yes
5	Insat/lease/4G/Ku Band/28/2009 dated 09/15/09	Monica Broadcasting Private Limited	10/31/12	3.00	INSAT-3B/4G	03/22/00	Ku Band	0.08	3	0.4074	4.8888	CNS	DSNG	Yes
6	MOU dated 02/13/09	Air Force Communication Centre-4CR	01/31/12	3.00	INSAT-4CR	09/02/07	Ku-Band	0.375	13.5	2.143	5.71	MOU	TV/ DSNG	Yes
7	MOU dated 02/13/09	Air Force Communication Centre-4G	01/31/12	3.00	INSAT-4G	NL	Ku-Band	2.25	81	12.86	5.72	MOU	TV/ DSNG	Yes
8	MOU dated 12/31/08	Directorate of System Applications	11/16/11	3.00	GSAT-2	05/08/03	MSS TX	0.46		5.5709	12.102	MOU	MSS	No
9	INSAT/Lease/4B/14/2009 dated 09/14/09	Broadcast Equipment (India) Pvt Ltd	02/28/13	3.42	INSAT-4B	03/12/07	Nor C Band	0.042	1.5	0.1466	3.5184	CNS	DSNG	No
10	MOU dated 07/01/09	Principal Director Naval Signals	06/30/12	3.00	GSAT-2	05/08/03	MSS TX	0.29		3.4578	12.102	RC	MSS	No
11	INSAT/Lease/4B/16/2010 dated 01/18/10	MH One Tv Network ltd	03/11/13	3.00	INSAT-4B	03/12/07	Normal C Band	0.167	6	1	5.7024	CNS	TV	Yes
12	MOU dated 05/28/09	Integrated Test Range, DRDO, Chandipur, Orrisa	01/31/12	3.00	INSAT-4G	NL	Ku Band	0.5	18	2.59	5.184	CNS	TV/ DSNG	No

[16] Proposed to be utilised
[17] Launched in May 2011

13	ANTX/VSAT/INFINIUM/3B/20/2009 dated 06/22/09	Infinium (India) Limited	10/02/09	0.25	INSAT-3B	03/22/00	Ku Band	0.069	2.5			CNS	VSAT	
14	INSAT-Lease-4A-31-2005 dated 11/21/05	Dish Tv India Limited	11/20/08	3.00	INSAT-4A	12/22/05	C Band	0.625	22.5	2.75	4.4	CNS	TV	No
15	Agreement dated 08/01/09	Dept.of Info & Bio Technology, Chattisgarh (CHIPS)	03/31/11	2.00	INSAT-4CR	09/02/07	Ku Band	0.11	4	0.635	5.72	MOU	VSAT	Yes
16	MOU dated 10/01/09	Programme 'AD'(PGAD), DRDO-Hyderabad	09/30/12	3.00	INSAT-4A	12/22/05	C Band	0.125	4.5	0.6944	5.5548	MOU	VSAT	Yes
17	MOU dated 08/04/08	Additional Dte Gen of Signal Intl-Proj Samudra	08/03/11	3.00	INSAT-3E	09/28/03	C Band	0.11	3	0.2825	3.39	MOU	VSAT	No
18	INSAT-Lease-4C-5-2006 dated 02/06/06	Sun TV Limited, Chennai	02/05/11	5.00	4CR/Measat-3	09/02/07	Ku-Band	1	36	4.80	4.8	RC	TV/ DSNG	No
19	INSAT-Lease-3B-DSNG-3A-2009 dated 05/12/09	Dish TV India Limited	03/31/12	3.08	INSAT-3B/4G	03/22/00	Ku Band	0.375	13.5	1.59	4.2347	RC	DSNG	Yes
20	INSAT-Lease-4A-DTH-5-2005 dated 02/19/05	Sun Direct TV Private Ltd, Chennai	02/18/10	5.00	INSAT-4B	03/12/07	Ku Band	6	216	28.20	4.70	RC	DTH	No
21	INSAT-Lease-DSNG-3B-3-2004 dated 03/12/04	Dish Tv India Limited	03/31/05	1.00	INSAT-3B	03/22/00	Ku Band	0.375	13.5	1.44	3.84	RC	DSNG	Yes
22	INSAT-Lease-MCPC-4A-25-2005 dated 06/04/05	Essel Shyam Communication Ltd	10/31/08	3.00	INSAT-4A	12/22/05	C Band	1	36	4.00	4.00	RC	TV	No
23	INSAT-4A-DTH-1-2005 dated 11/12/05	Space TV Limited/Tata Sky Limited	11/11/15	10.00	INSAT-4A	12/22/05	Ku Band	12	432	55.20	4.60	RC	DTH	No
24	INSAT-Lease-4A-2-2003 dated 12/12/03	Lamhas Communication Services Ltd	09/30/09	5.75	INSAT-4A	12/22/05	C Band	4	18	14.00	3.50	RC	TV/ DTH	No
25	INSAT-Lease-4B-[6]-2007 dated 04/10/07	SUN TV Network Limited	03/31/11	4.00	INSAT-4B	03/12/07	C Band	2	72	8.00	4.00	RC	TV	No
26	INSAT-Lease-4G-DTH-1-2005 dated 06/28/05	Reliance Big TV	06/27/15	10.00	INSAT-4B	03/12/07	Ku Band	8	288	37.60	4.70	RC	DTH	No

CNS: Contract Not Started
RC: Running Contracts
MoU: Memorandum of Understandin

Annexure-4
Instances of disadvantages to DoS reported in previous Audit Reports (Refer Paragraph 4.3)

Paragraph Number	Description of the paragraph	Action Taken Note of Department of Space and further comments.
Paragraph 9.2 of Performance Audit Report No. 9 of 2008 of the Comptroller and Auditor General of India, Union Government (Commercial)	Department of Space allowed 12 of its officers to work for Antrix Corporation Limited, the public sector undertaking of DoS. In addition to being the Chairman as well as the functional Directors and the non-functional Directors on the Board were all part-time. 12 top senior management officials of ANTRIX were also part-time ISRO officials. The multiple responsibilities of the officials of ISRO in ISRO and Antrix had resulted in conflict of interest.	**DoS replied that present practice of borrowing officers of ISRO is proposed to be continued till the manpower resources of the company are substantially strengthened. Once the manpower of the company is substantially strengthened, the company will put in place different authorities with well defined segregation of duties and responsibilities. ISRO officials therefore continued to discharge multiple responsibilities.**
Paragraph 9.7.1.3 of Performance Audit Report No. 9 of 2008 of the Comptroller and Auditor General of India, Union Government (Commercial).	The Company's interest earnings averaged around 50 per cent of the profit after tax during the years 2002-07 except 2003-04 which would suggest that the Company was being used as a special purpose vehicle for parking of un-utilised funds by the DoS/ ISRO.	**DoS replied that transfer of funds by DoS to the Company is with reference to specific MOUs for assigned tasks. Reply not acceptable since the company has received advance of ₹815 crore in respect of 9 contracts from Ministry Of Defence and India Metrological Department and an amount of ₹49 crore (March 2010) only has been debited towards deliveries. This clearly indicated that surplus funds are parked in the Company. Thus, Instead of Undertaking the work of other departments on deposit work basis, DoS parked these funds in Antrix.**
Paragraph 5.7.2 of Compliance Audit Report No. 9 of 2006 of the Comptroller and Auditor General of India Union Government (Non Tax Receipts).	Similarly, Antrix was allowed to deduct its commission charges from the revenues collected prior to remitting the entire amounts to DoS. This also resulted in lack of transparency in the payment of commission charges to Antrix as these amounts were not included in the budget of DoS. Loss of interest due to delayed receipt of INSAT revenue from Antrix: While Antrix was expected to remit INSAT receipts to DoS at the end of every financial year, it was observed by audit that during the period from 2001-05, Antrix transferred revenue of ₹166.83 crore to DoS with	**DoS replied that Antrix is at present, remitting 85 per cent revenue share to DoS on quarterly basis. Department added that it issued instructions to Antrix to remit the entire revenue from transponder leasing collected on behalf of DoS to DoS and claim Antrix share of 15 per cent on a quarterly basis from DoS. It added that DoS is taking into account this expenditure while budgeting DoS/ ISRO Budget. DoS is however yet to issue instructions to Antrix to transfer other revenue realised by it from the sale of other**

	a delay ranging from 5 months to 14 months after closure of accounts of the financial year. The delay in transfer of receipt resulted in loss of interest of ₹8.90 crore. Antrix also retained an amount of ₹1.23 crore on account of penal interest for the years 2003-05 levied on behalf of DoS in various contracts, which should have been remitted to DoS. The department while accepting views of audit, stated in July 2006 that Antrix would henceforth remit revenues to DoS on quarterly basis.	**space services and products of ISRO such as revenue from IRS satellites, revenue from launch services, etc.) to DoS and provide commission charges to Antrix budgeting the same in DoS account as required under rule 6 of receipt and payment account rules.**
Paragraph 5.7.3 of Compliance Audit Report No. 9 of 2006 of the Comptroller and Auditor General of India Union Government (Non Tax Receipts).	In Antrix project undertaken by MCF based on an MOU, Antrix unilaterally increased its share without consulting MCF resulted in short-realisation of ₹2.40 crore.	**DoS replied that increased revenue share of Antrix has been done with the approval of DoS. Reply is not acceptable. DoS increased the revenue share of Antrix in this project with the contention that amount realised was more than that projected by MCF is not acceptable since the circular issued by DoS in June 2001 stipulated that project savings from Antrix projects were to be credited to departmental revenue head. Further, Antrix neither had any manufacturing activity nor any other related activity, which called for increased revenue share. DoS, therefore, is yet to recover its foregone revenue of ₹2.40 crore.**
Paragraph 5.7.4 of Compliance Audit Report No. 9 of 2006 of the Comptroller and Auditor General of India Union Government (Non Tax Receipts).	The portion of revenue retained for the IRS projects/ contracts was revised (December 2001) from 20 per cent to 60 percent for all components (data access fee, royalty and software) to be applicable from April 2002 onwards. The proposal of Antrix was approved by DoS in the note generated from Antrix. The justification for the sharp increase in the portion of revenue retained by Antrix was attributed to the requirement of Antrix to increase its earning to build up adequate resources. Antrix had neither any manufacturing nor any other related activity, which called for increased revenue share to Antrix. The decision reduced the revenues of DoS to the extent of ₹23.35 crore.	**DoS replied that the contention of the audit that the increased share of revenue is allowed to build up adequate resources is not in order. Reply is not acceptable. Note of Antrix of February 2002 approved by DoS justified the sharp increase in the portion of revenue retained by Antrix and attributed it to the requirement of Antrix to increase its earning to build up its adequate resources. The justification is not acceptable since there was no costing of over heads or any special services provided by Antrix to DoS which called for a revision of revenue share and increased share to Antrix.**
Paragraph 6.3.2 of Performance Audit	In two completed Antrix projects, Antrix did not remit balance dues of ₹1.85 crore to NRSC even	**DoS replied that NRSC is yet to receive clearance from Antrix in one case in the**

Report No. 21 of 2010-11 of the Comptroller and Auditor General of India, Union Government (Scientific Departments).	after raising demands by NRSC. This also resulted in loss of potential interest of ₹48.15 lakh at eight *per cent* per annum, up to March 2009.	**second case, NRSC could complete the project with fifty per cent of the project money with support from Antrix. Reply of DoS is not acceptable since NRSC/DoS stated in September 2008/July 2009 that demands were since raised on Antrix at the instance of Audit.**
Paragraph 8.5 of Performance Audit Report No. 21 of 2010-11 of the Comptroller and Auditor General of India, Union Government (Scientific Departments).	NRSC sold remote sensing satellite data to foreign clients through Antrix. No MoU or agreement existed between NRSC and Antrix laying down specific responsibilities. The pricing sub-committee of NRSC had fixed (January 2008) the revenue share between NRSC and Antrix in the ratio of 50:50 for the sale of IRS data to foreign clients. Fifty percent commission charges to the commission agent (Antrix) was highly advantageous to Antrix.	**DoS justified the higher commission charges to Antrix by stating that the marketing expenses such as expenditure on international exhibitions, advertisement, travel, legal expenses, postages etc., are on the higher side. Reply is not acceptable.** **Reply of DoS is not acceptable since Antrix sells the satellite data products to its international customers through its re-seller (M/s Space Imagery) by paying the sub agent commission of 15 *per cent.* Therefore, there was no additional effort on the part of Antrix for getting 35 *per cent* commission**

Annexure-5: Note of the Managing Director of ACL dated 14 April 2009 regarding Approval of tour programme of Shri A. Bhaskaranarayana (Refer Paragraph 4.4)

1231

ANTRIX CORPORATION LIMITED
BANGALORE

Ref: Antx/04/Devas/2009 April 14, 2009

Sub: Proposed tour programme of Shri A. Bhaskaranarayana to USA and UK for DEVAS Ground and User Segment System Review and other meetings with JPL, NASA, Kennedy Space Flight Centre, Solar Cell Research Institute etc., during May 01 2009 to June 02, 2009

Chairman, Antrix / Secretary, DOS may kindly recall that Shri A. Bhaskaranarayana, Director, SCPO / Scientific Secretary, ISRO has been requested by DEVAS for leading a detailed technical review of their entire Ground and User Segment at USA. The review meetings would encompass DEVAS Hybrid Satellite Terrestrial System Configuration, review of available MSS and ATC technologies for the same, review of the consumer handset waveform choices and technical reviews of handset designs with potential chipset suppliers. The reviews will include demonstration of similar satellite systems like ICO and also their planned services and system choices. These technical meetings and reviews are critical to the successful implementation of GSAT – 6 / DEVAS satellite programme.

Taking advantage of the above programme, Shri A. Bhaskaranarayana is also proposed to have meetings at JPL at Los Angeles, USA, Solar Cell Research Institute at Arkansas, Antenna Mount Suppliers at San Francisco and participation in the NSS Chandrayan Award Ceremony by ISDC / NASA at Kennedy Space Flight Centre, Orlando, US.

An itinerary based on the above meeting requirements with DEVAS, XM satellite radio, Sky Terra, Hughes, Electrorbit, Solar Cell Research Institute, NASA, Quelcom, ICO, Orbicom and Deutsch Telecom, Telecom ventures etc., are scheduled during May 01 to June 02, 2009 at Washington, Little Rock, LA, San Francisco, San Deigo, Las Vegas, Orlando and London.

DEVAS will be meeting all the travel expenses in connection with the above tour programme as per the existing arrangement with Antrix.

Chairman, ISRO / Antrix, Secretary, DOS may kindly approve the proposed tour programme.

(K.R. Sridhara Murthi)
Managing Director

Chairman, ISRO, Antrix &
Secretary, DOS

Apprd.

Annexure-6: A letter from Devas dated 7 August 2009 regarding Devas system update and review (Refer Paragraph 4.4)

DEVAS

Devas Multimedia Private Limited
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Registered office: 102, Eden Park, 20, Vittal Mallya Road, Bangalore 560 001, India

August 7, 2009

To: Dr. G. Madhavan Nair
Chairman, Indian Space Research Organisation &
Secretary, Department of Space

Dear Sir,

Subject: Devas System Update & Review

We are extremely thankful to you for the encouragement, guidance, and support extended by you and ISRO in evolving the Devas system since its inception.

We are happy to inform you that over the past one year we have made significant progress on the technology front and towards finalizing the system configuration and services. The detailed interactions that Dr. Bhaskaranarayana, Scientific Secretary and Director, Satcom Programmes, had with Devas, its technical partners, and several leading technology companies during the visit to USA in May 2009 has been instrumental in a more focused definition of the Devas system architecture, technology platform, handset/terminals, and services.

We kindly request a meeting with you along with Dr. Bhaskaranarayana and Mr. Sridhara Murthi in Bangalore during August to brief you and update you on the Devas Multimedia system and take your inputs to finalize both the commercial and technical platform for launch of services in 2010.

As you are aware, we are presently conducting technical field trials of the Devas hybrid satellite terrestrial system in Bangalore in association with ISRO, Deutsche Telekom and Alcatel Lucent. The trial encompasses multimedia and interactive data services to mobile phones, car receivers, and other terminals. We request you to kindly spare some of your valuable time to see and review the Devas technical trials.

We are also preparing our WPC operating license application for complementary ground segment network that we anticipate filing after the conclusion of the technical trials. The technical trials serve to confirm the appropriate operating parameters for the complementary ground segment network based on tests conducted.

Based on inputs from the Scientific Secretary to harmonize the Devas system with the latest trends in mobile and satellite communications, we have made progress in LTE (long term evolution) as the technology platform of choice for Devas system and the necessary steps towards implementing the same in a phased manner. In addition, we have made progress in outlining an extension of the current program to address MSS services using state of the art system configuration and technologies. We are also exploring filing for CASE license to serve as a private satellite operator in India enabling us to take the system to a firm footing for provision of different advanced services in the country.

We are also very happy to inform you that systems similar to Devas are being prepared in USA, Europe, China, and Middle East etc. Perhaps Devas may be first of its kind in the world to offer commercial services in 2010.

We look forward to meeting you at your kind convenience to brief you on the above.

Thanking you,

Yours faithfully

R. Viswanathan
Ramachandran Viswanathan
CEO & President

CC: Dr. A. Bhaskaranarayana
Scientific Secretary and
Director, Satellite Communications Programmes
Indian Space Research Organisation

K. R. Sridhara Murthi
Managing Director
Antrix Corporation