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DRAFT AGENCY AGREEMENT

This Agency Agreement is made on this day of, 2014 at Chandigarh;

BETWEEN

The Government of the State of Punjab in the Department of Finance, acting through the Director, Punjab State Lotteries (hereinafter referred to as the "Authority" or 'Government', which expression shall unless excluded by or repugnant to the context, be deemed to include its successor in office or assigns) of the ONE PART.

AND

_____, a company incorporated under the Companies Act, 2013, having its registered office at _____ and represented herein by its Director, Shri _____ (hereinafter referred to as the "Project Agent" which expression shall unless repugnant to the context or meaning thereof be deemed to mean its successors and assigns) of the OTHER PART.

..... individually referred to as "Party" and collectively as "Parties".

WHEREAS the Government of the State of Punjab in the Department of Finance (hereinafter referred to as the "State Government" or "GoP") through the Director, Punjab State Lotteries has decided to establish and operate an On-line Lottery System in the State of Punjab on Public Private Partnership (PPP) basis envisaging to offer lottery games played through a network of computer terminals or such devices as approved by the State Government, with such terminals and/ or devices connected to a main data centre at a central headquarter. For this purpose, the State Government intends to select and appoint a private sector partner to act as Distributor/ Selling Agent who will inter-alia design & procure; install & commission; operate & maintain; promote & market and carry out any other activities required for setting up and managing the On-Line Lottery System in the State of Punjab on Build, Operate & Own (BOO) basis (hereinafter "the Project"). The private sector partner to be selected and appointed through competitive and transparent public bidding process shall be entitled to hold maximum of 24 draws per day during the period of its contract;

AND WHEREAS the On-Line Lottery System in the State of Punjab shall be established, promoted, operated and regulated in accordance with the provisions of the Lotteries (Regulation) Act, 1998 (Central Act No.17 of 1998) and Rules made thereunder and the Punjab State Lotteries Rules, 1998 as amended from time to time;

AND WHEREAS with an objective to seek private sector participation in the development of the aforesaid Project, the Authority undertook the process of selection of a suitable Bidder/Project Agent through competitive bidding process, after issuing a RFP Document dated _____, 2014 inviting Bids/ Proposals from prospective Bidders to implement the said Project through a Selected Bidder by entering into an Agreement, under the provisions of the Lotteries (Regulation) Act, 1988 and the Rules made there under;

AND WHEREAS the Authority had prescribed certain technical and financial terms & conditions in the RFP Document dated _____, 2014 for short-listing and selection of Bidder. After evaluation of the Bids received vis-à-vis the prequalification conditions contained therein, the Authority had accepted the Bid of M/s _____ (i.e. the Selected Bidder) which met the pre-qualification conditions and has also guaranteed

the highest Minimum Guaranteed Revenue to the Authority through its Financial Bid dated _____. Accordingly, the Authority has issued Letter of Award No. _____ dated _____ (hereinafter the "LoA") to the aforesaid Selected Bidder requiring, *inter alia*, amongst others, the execution of this Agency Agreement within 30 days of the date of issuance thereof.

AND WHEREAS the aforesaid Selected Bidder in terms of the RFP Document has since promoted and incorporated a Special Purpose Vehicle (SPV) company i.e. M/s XYZ as a limited liability company under the Companies Act, 2013, and has requested Authority to accept it as the entity which shall undertake and perform the obligations and exercise the rights of the aforesaid Selected Bidder under the LoA, including the obligation to enter into this Agency Agreement pursuant to the LoA for executing the Project and has accordingly, submitted a Deed of Guarantee towards XYZ.

AND WHEREAS by its letter dated _____, XYZ has also joined in the said request of the Selected Bidder to the Authority to accept it as the entity which shall undertake and perform the obligations and exercises the rights of the Selected Bidder/ Consortium including the obligation to enter into this Agency Agreement pursuant to the LoA.

AND WHEREAS the Authority has agreed to the said request of the Selected Bidder and XYZ, and has accordingly agreed to enter into this Agency Agreement with the XYZ on the mutually agreed terms and conditions for the Agency Period to implement the Project involving establishing, operating, marketing and sale of all kind of Online Lottery Schemes on behalf of the Authority as its Project Agent in terms of this Agency Agreement and the applicable law.

AND WHEREAS the Selected Bidder for the first year of the Agency Agreement and prior to signing of this Agreement has furnished to the Authority, A Performance Security of Rs. _____ Crores being the higher amount of Rs.100 Crores or 6 months Minimum Guaranteed Revenue, by way of an unconditional and irrevocable Bank Guarantee bearing No. ____ dated ____ from _____ Bank. The Performance Security for the second and third year of Agency Period shall be the higher of Rs.100 Crores or an amount equivalent to 6 (six) months of Minimum Guaranteed Revenue applicable for the particular year.

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth in this Agency Agreement, the sufficiency and adequacy of which is hereby acknowledged and intending to be legally bound hereby, the parties hereto mutually agree as follows:

1. DEFINITIONS & INTERPRETATION:

In the agreement unless the context otherwise requires:

- (a) "Act means the Lotteries (Regulation) Act, 1998 (Central Act No.17 of 1998);
- (b) "Agency Agreement" means and includes this signed Agreement including Schedules to the Agency Agreement, Letter of Award issued by Authority, RFP Document and any written clarifications,

addendums, amendments, etc. to the RFP Document issued subsequently to the Bidder;

- (c) "Agency License Fee" shall have the meaning ascribed to it in Clause 10.1 hereof;
- (d) "Agency Period" shall mean the period of setforth in Clause 2.1 hereof;
- (e) "Project Agent" means XYZ, a Special Purpose Vehicle incorporated by the Selected Bidder under the Companies Act, 2013 having its registered office at _____ and includes its subsidiaries, successors and assigns;
- (f) "Designated Account" means a Non Transferable Bank Account opened by the Authority with any Scheduled Bank for the purpose of crediting the Gross Sales and making other transactions as per the terms of this Agreement on an exclusive basis;
- (g) "Draw" means the method by which the prize winning numbers are drawn for each lottery by operating draw machine or computer or any other device;
- (h) "Gross Sales" means the entire sale proceeds of the Project Agent from the sale of lottery tickets and the income from advertisements, treasury operations and Lottery Ancillary Activity/ Activities;
- (i) "Lottery Ancillary Activity/ Activities" means any other activity related to lottery business which the State Government by an order determines to be a lottery ancillary activity;
- (j) "Minimum Guaranteed Revenue" shall mean and include the amounts mentioned in Schedule-I payable from the date of sale of first lottery ticket, to the Authority during each year of the Agency Period. The amount of Minimum Guaranteed Revenue for each year shall be payable in advance on a pro-rata basis for each week comprising of seven (7) days or any left-over lesser number of days at the end of each such year on a proportionate basis, during the Agency Period;
- (k) "On-Line Lottery" means a system created to permit players to purchase lottery tickets generated by the computer or online machine at the lottery terminals where the information about the sale of a ticket and the player's choice of any particular number of combination of numbers is simultaneously registered with the central computer server;
- (l) "Payouts" means Prizes;
- (m) "Performance Security" shall have the meaning set forth in Clause 6;
- (n) "Point of Sale" shall mean and include any physical space/ location/ retail outlet having a network of computer terminals or such other devices as authorized by the Authority for enabling a player to purchase ticket/s for playing lottery.
- (o) "Prescribed" means prescribed by rules made under the Lotteries (Regulation) Act, 1998 as amended from time to time;

- (p) "Prize" means the same as defined in the Lotteries (Regulation) Act 1998 as amended from time to time;
- (q) "Rules" means the Lotteries (Regulation) Rules, 2010 and the Punjab State Lotteries Rules, 1998, as amended from time to time;
- (r) "Scope of Work" means and includes the activities set forth in Schedule II;
- (s) "Services" means and includes all the activities required for setting up and managing the On-Line Lottery System as per the Scope of Work provided in Schedule II in accordance with the specifications and requirements set forth in Schedule III of this Agreement.
- (t) "State Government" means the Government of the State of Punjab;

Words and expressions used in this Agreement but not defined herein shall have the same meanings as respectively assigned to them in the Act & the Rules thereunder or in the RFP Document.

INTERPRETATION:

In this Agreement:

- i) words importing the singular shall (where appropriate) mean and include the plural and vice versa and words importing natural persons shall (where appropriate) mean and include corporations and unincorporated associations and vice-versa.
- ii) the headings are for convenience of reference only and shall not be construed as affecting the meaning or interpretation of this Agreement and any unenforceable part of this Agreement shall be served and the remaining provisions shall be the Agreement.
- iii) any moneys which fall due for payment under this Agreement on a date other than a day upon which banks are open for business ("Business Day") such money, shall be paid on the next succeeding Business Day (without interest or any other amount being payable in respect of the period from but not including the date on which the said moneys fell due for payment up to and including the said next succeeding Business Day).
- iv) reference to laws of Government of Punjab, laws of India or Indian Laws or regulation having force of law shall include the laws, acts, ordinances, rules, regulations, guidelines or byelaws which have the force of law in the State of Punjab;
- v) the Schedules of this Agreement form an integral part of this Agreement and will be in full force and effect as though they were expressly set out in the body of this Agreement; and
- vi) in the event there is any discrepancy between any of the provisions contained herein and the provisions of the Act & Rules made thereunder, the same shall be necessarily interpreted or construed in

line with the meaning ascribed to it under such Act & Rules made thereunder.

2. APPOINTMENT OF PROJECT AGENT & TERM OF AGENCY:

Notwithstanding anything contained hereinafter, the Authority, the State Government, the Project Agent and the sub-agents/ retailers so appointed by the Project Agent shall all be jointly and severally liable to ensure that all the provisions of the Act and Rules made thereunder and as amended from time to time are followed at all times during the Agency Period.

- 2.1 The XYZ has been appointed as the Project Agent who in pursuance of this Agency Agreement is entitled on behalf of the Authority to design & procure; install & commission; operate & maintain; promote & market all kinds of On-Line Lottery Schemes promoted by the Government and carry out all the Services required for setting up, operating and managing the On-Line Lottery System for a period of 3 (three) years from the date of commercial operations which shall be reckoned from the date of sale of first ticket i.e. within 60 days of the signing of the Agency Agreement (hereinafter referred to as "Agency Period").
- 2.2 The validity of the present Agreement shall come to an end upon the expiry of the afore-stated Agency Period.
- 2.3 The Project Agent shall operate in the name of the Authority. However, Project Agent shall not be entitled to any sovereign immunity by virtue of being Project Agent of the Authority.
- 2.4 The Project Agent may at its own risk and cost, under intimation to the Authority appoint sub-agent(s)/ retailer(s) for the sale of tickets for wagers on such terms and conditions as approved by the Authority and as may be agreed between the Project Agent and such sub-agent(s)/ retailer(s), provided that whatever tax is payable, it shall be borne by them at their own risk and cost without any liability on the Authority or the State Government. Appointment of sub-agent(s)/ retailer(s) shall not absolve the Project Agent of its responsibility/ obligation under this Agreement. The Project Agent shall also intimate to the Authority within a month in case of replacement of any of the sub-agent(s)/ retailer(s) appointed earlier by it and also shall submit reports/ information about the operations whenever requested by the Authority to do so. The Project Agent shall at its discretion choose the locations for setting up Point of Sale for the sale of tickets which shall be limited to 1,700 (seventeen hundred) Points of Sale across the State of Punjab, at any given point of time. The location of each Point of Sale shall be strictly governed by the applicable Excise Policy of the Government of Punjab for "Location of Liquor Vends", as amended from time to time.
- 2.5 It shall be the responsibility of the Project Agent to ensure that its sub-agent(s)/ retailer(s) adhere to the provisions of the Lottery Act, Rules and all other applicable procedures, rules, regulations etc. during the Agency Period.
- 2.6 The Project Agent shall procure the delivery and installation and make operational the computers terminals or any device as approved by the Authority.

- 2.7 All the relevant Acts, Rules and Regulations of the Government of India and the Government of State of Punjab pertaining to On-line lotteries, as amended from time to time, shall be binding on the Project Agent while implementing the Project under this Agreement.
- 2.8 The Project Agent shall ensure that the Online lotteries running through internet are not running in those States/ UTs of India who do not organize Online lotteries of their own, through suitable mechanisms like geo-targeting/ geo-mapping, unless such States allow other Organizing States to sell the Online lotteries in their jurisdiction.
- 2.9 The Project Agent shall obtain all such necessary clearances, consents, approvals and authorizations for the implementation of the On-Line Lottery System Project, prior to the sale of the first lottery ticket by the Project Agent in terms hereof. The Authority shall use its best endeavors without any binding obligation, to assist the Project Agent in procuring such approvals, clearances, etc.
- 2.10 The Project Agent shall promptly intimate the Director Punjab State Lotteries, if any instances of betting of unlawful acts come to its notice. Immediately upon receipt of such intimation, a raiding team constituted by the Director Punjab State Lotteries shall conduct a raid at the place where the occurrence of such betting or unlawful acts has been reported by the Project Agent.
- 2.11 In case, a particular Point of Sale is adversely impacting the law and order of an area where it is located, the Authority after assessing the situation and careful consideration, in consultation with the State Government, can direct the Project Agent to close down such Point of Sale and relocate the same to another location.
- 2.12 If at any stage during the Agency Period, it is discovered by the Authority that at any Point of Sale any illegal activity such as satta, matka, etc is taking place, then the Authority shall have the right to issue directions to the Project Agent to close down such Point of Sale immediately and also have the right to take any such action as deemed appropriate, against the sub-agent/person/ retailer who was running/ managing such a Point of Sale.

3 FRAMING OF SCHEMES:

- 3.1 The Authority in consultation with the Project Agent may frame different on-line lottery schemes which it may like to introduce from time to time.
- 3.2 No Prize shall be offered in On-Line lottery scheme on the basis of single, double or triple digit in any form or combination.
- 3.3 All the On-Line lottery schemes shall have the name of the State of Punjab in it and may be sub-named in consultation with the Project Agent.
- 3.4 The prize structure and maximum retail price of the ticket shall be decided by the Authority in consultation with the Project Agent keeping in view the updated market trends. Taxes if any leviable either by the State Government or the Central Government or any concerned authority shall be borne by the Project Agent. However, the financial liability on account of any tax payable under the Punjab Tax on Lotteries Act, 2005 shall be borne by the Authority.

- 3.5 On the request of the Project Agent, the Authority may change the On-Line Lottery schemes keeping in view the changed market conditions. However, a written request in this regard shall be made to the Authority by the Project Agent, two weeks prior to the scraping of the existing scheme.
- 3.6 The number of prizes for each draw and percentage of the prize structure shall be as per the scheme decided, which may be increased or decreased as per the market trends.
- 3.7 All the lottery games as a part of the On-Line Lottery shall be authorized and approved by the Authority.

4 PRINTING OF TICKETS:

- 4.1 The paper on which the Online Lottery tickets are to be printed shall be provided by the Authority. However, the expenditure incurred by the Authority in respect of the same shall be reimbursed by the Project Agent to the Authority.
- 4.2 The aforesaid paper rolls shall be supplied from the Camp Office of the Directorate of Lotteries, Government of Punjab at Ludhiana from where the same shall be collected by the Project Agent at its own expense/ cost.
- 4.3 The tickets issued on behalf of the Authority shall bear the imprint and logo of the State Government, price of the ticket, date and time of the draw & may have security mark such as Bar Code to protect the interest of the customer as well as of the Authority. The number chosen by the purchaser of the lottery shall be printed/ allotted by the outlet holder by means of a computer/ any other device approved by the Authority, from the numbers already approved/ earmarked for a particular draw of the On-Line Lottery.
- 4.4 The terms and conditions printed on the back of the tickets shall be decided by the Authority in consultation with the Project Agent from time to time as per the scheme formulated in terms of Clause 3 above.
- 4.5 The Project Agent shall prepare and submit a statement showing the number and the aggregate value of all the tickets sold per draw, before the draw is conducted.
- 4.6 The face value of the tickets shall be determined in consultation with the Authority. Provided however, in no event, the same shall be less than the minimum sale price of a ticket set forth in the Rules, as amended from time to time.

5 HOLDING OF DRAW:

- 5.1 The Project Agent is authorized and entitled to hold a maximum of 24 draws per day under this Agreement. The draws shall be held as per the procedure prescribed in the Rules at any public place located within the State of Punjab; the draw shall be conducted by the Authority or its authorized nominee.
- 5.2 The result of the draws shall be announced under the signature of the Authority or its authorized nominee.

- 5.3 A copy of the result sheet in respect of each draw, duly certified by the Authority shall be forwarded to the Project Agent immediately after the draw.
- 5.4 The result of the draw shall be published by the Authority as per the applicable Rules and such publication shall be deemed to be the final and official announcement of the result of the draw.
- 5.5 The draw timings shall be decided by the Authority from time to time in consultation with the Project Agent depending on the market conditions.

6. PERFORMANCE BANK GUARANTEE:

- 6.1 The Project Agent for the due performance of its obligations including disbursing of Prizes to the winners and payment of Agency License Fee to the Authority in terms of this Agreement, shall furnish to the Authority a security deposit in the form of an unconditional and irrevocable Performance Bank Guarantee (*as per the format to be provided by Authority*) issued by any Public Sector Scheduled Bank, for an amount of Rs._____ (Rupees _____ only) (*being the higher of Rs.100 Crores or 6 months of Minimum Guaranteed Revenue for the first year of Agency Period*). However, the Performance Security Bank Guarantee for the second and third year of the Agency Period shall be for the amount which is higher of Rs.100 Crores or 6 (six) months of Minimum Guaranteed Revenue applicable for that particular year of Agency Period.
- 6.2 The Performance Bank Guarantee for the first year of the Agency Period shall be submitted by the Project Agent prior to the execution of this Agreement and shall cover the terms & conditions contained herein.
- 6.3 The Performance Bank Guarantee for the previous year shall be kept valid and alive by the Project Agent till the same is replaced by the Performance Bank Guarantee (of the relevant amount) for the succeeding year within a period of 15 (fifteen) days from the commencement of the succeeding year.
- 6.4 Upon occurrence of any of the following defaults, the Authority shall, without prejudice to its other rights and remedies hereunder or in law, be entitled to encash and appropriate relevant amounts from the Performance Bank Guarantee as interest and/ or damages and/ or penalty, as determined by the Authority:
- (i) for failure to deposit the proceeds of sale of tickets or such other amounts as may be due to Authority in terms of this Agreement and RFP Document;
 - (ii) for falsification of accounts or non-maintenance of accounts;
 - (iii) for forgery of tickets or for breach of any other terms & conditions of this Agreement;
 - (iv) failure to pay the Minimum Guaranteed Revenue amount in terms of this Agreement;
 - (v) for failure to remedy any breach in its quality of Services or breach in performance of its obligations in terms of this Agreement;

- (vi) for failure of the Project Agent to make payment of any statutory taxes, levies, duties, statutory payments, etc. payable in respect of implementing the On-Line Lottery Project within the State of Punjab in terms of this Agreement; and
- (vii) for failure to provide fresh Performance Security Bank Guarantee of the relevant amounts for the second and third year of Agency Period within the time stipulated in Clause 6.3 above or within any extended time period as may permitted by the Authority at its sole discretion.

Upon such encashment and appropriation from the Performance Bank Guarantee, the Project Agent shall, within 3 (three) Business Days replenish, in case of partial appropriation, to its original level the Performance Guarantee and in case of appropriation of entire Performance Guarantee to provide a fresh Performance Guarantee and the Project Agent shall, within the time so granted replenish or furnish to the Authority a fresh Performance Guarantee as aforesaid, failing which the Authority shall be entitled to terminate this Agreement.

7. DEPOSITING OF SALE PROCEEDS OF THE TICKETS:

- 7.1 The wagers shall purchase the On-Line lottery ticket(s) from any computer terminal or such device as approved by Authority, upon payment.
- 7.2 The entire proceeds from the sale of On-Line lottery tickets for each preceding week shall be credited by the Project Agent into the Designated Account of the Director Punjab State Lotteries, without any deductions, by 5.00 PM Indian Standard Time (IST) on the 1st Business day of the succeeding week (the "Due Date").
- 7.3 In case of any delay by the Project Agent in depositing the aforesaid sales proceeds by the Due Date, the Authority shall, subject to the provisions of this Clause have absolute right to:
 - (a) freeze all the operations of the Project Agent incidental to the Project; and
 - (b) encash the Performance Bank Guarantee submitted to the Authority by the Project Agent.

Provided that, if a valid representation in writing is submitted by the Project Agent to the Director Punjab State Lotteries within three (3) Business days* of the default in deposit of the sale proceeds, then the Director Punjab State Lotteries would provide an opportunity of being heard to the Project Agent to explain the reason(s) for the delay.

Pursuant to such personal hearing, if the Director Punjab State Lotteries comes to the conclusion that there was a justifiable cause for the delay, he may at his sole discretion pass a speaking order for condoning the delay for a maximum of 7 (seven) days and simply recover the due amount along with interest @15% (fifteen percent) per annum on the due amount calculated on pro-rata basis for the delayed period along with a penal amount of Rs. 1 Crore to be paid by the Project Agent. The Project Agent shall also provide a fresh Performance Security Bank Guarantee of the applicable amount in accordance with Clause 6 of this Agreement. However, in case the Director comes to the conclusion that there was no justifiable cause for delay, the

Director Punjab State Lotteries shall be entitled to terminate this Agreement forthwith.

* In case the third day is a public holiday in the State Government of Punjab offices, then the representation as aforesaid may be filed by the Project Agent on the very next working day in the offices of State Government of Punjab.

7.4 In case, the amount of sale proceeds and the interest thereon exceeds the amount of the Performance Bank Guarantee, then in that eventuality, the Authority would be entitled to recover the same by resorting to any of the legal remedies available hereunder or in law.

8. PAYMENT OF PRIZES TO THE WINNERS:

8.1 The payment of Prizes to the winners for such amount as prescribed by the Rules from time to time, shall be made directly by the Project Agent (either himself or through a retailer) after deducting prescribed Income Tax at source. Subject to the provisions of Clause 10 herein, the reimbursement of the Prizes so disbursed by the Project Agent shall be claimed by the Project Agent from the Authority on the production of relevant documents in this regard including the prize winning ticket/s within the prescribed period.

8.2 The payment of Prizes to the winners for such amounts as prescribed by the Rules from time to time (*other than those which the Project Agent is entitled to disburse directly under the applicable Rules*) shall be disbursed directly by the Authority in compliance with such applicable Rules.

8.3 Subject to the provisions made in this regard in the applicable Rules, the Prize money remaining unclaimed or not otherwise disbursed within the period prescribed under the applicable Rules, shall stand forfeited to the Authority and no claim shall be entertained/ allowed thereafter.

9 FORGED OR TORN TICKET:

A ticket which is forged, torn, mutilated or tampered with shall be rejected except in cases where it is possible to verify the genuineness of the ticket. If, during the verification, it is found that the ticket is genuine, the prize amount shall be disbursed. The claim shall be rejected if the genuineness of the ticket cannot be established even after verification. In such cases, the decision of the Authority shall be final and binding on the claimants and the Project Agent.

10 COMMERCIAL CONSIDERATIONS:

A. Agency License Fee

10.1 In consideration for the rights granted under this Agreement, the Project Agent has agreed to pay to the Authority, "Agency License Fee". The Agency License Fee shall be higher of the following:

(i) Minimum Guaranteed Revenue;

OR

- (ii) 50% of the Net Sales (i.e. Gross Sales – Payouts) for the Agency Period calculated on per annum basis.

10.2 Accounts settlement process

- (i) The Agency License Fee determined in accordance with Clause 10.1 above shall be paid by the Project Agent to the Authority on a weekly basis by way of the Authority appropriating the requisite amount from the Gross Sales Proceeds deposited by the Project Agent in respect of each preceding week. Such appropriation of the Agency License Fee shall be made at the time of settlement of accounts on a weekly basis.
- (ii) The weekly settlement of accounts of the Project Agent shall be done within 4 Business days of deposit of sales proceeds in respect of each preceding week by the Project Agent in the Designated Account or Due Date, whichever is later.
- (iii) The Agency License Fee for each preceding month shall be squared up/ reconciled at the beginning of the first week of the succeeding month, by making the payment, either by way of electronic transfer of the relevant sums in the Designated Account, as required, or the amount shall be set off against the payments due with either parties.
- (iv) In addition to the Agency License Fee, the accounts settlement process would ensure that the financial obligation of the Authority with respect to Payouts made directly by it to the winners for such amount/s as prescribed under the Rules from time to time is retained by the Authority from the Sale Proceeds, before remitting proceeds back to the Project Agent after settlement of accounts.
- (v) The Minimum Guaranteed Revenue of the first week of operations during the Agency Period would be paid by the Project Agent on or before the first date of sale of lottery ticket.

Illustration:

Assuming that Minimum Guaranteed Revenue to Government is Rs.4 crores per week and the sale of lottery tickets commences on January 1. Then the weekly settlement process is illustrated in the table below:

Business Day for accounts setting	Week under consideration (1)	Sales Proceed deposited by Project Agent (2)	Payouts (3)	Margin (4)	50% of Margin (5)	Agency License Fee (Max of 4 Crore or 50% of Net Sales) (6)	Deposit by Project Agent to Authority (7)	Payment to be released by Authority to Project Agent (8)

Draft Agency Agreement

Jan 1 day of first sale of lottery	-	NA	-	-	-	4	4	NA
Jan 8	1-7 Jan	33	28	5	2.5	4	33	33- 4 = 29
Jan 15	8-14 Jan	40	32	8	4	4	40	40- 4 = 36
Jan 22	15-21 Jan	44	35	9	4.5	4.5	44	40-4.5=39.5
Jan 29	22-28 Jan	44	32	12	6	6	44	44- 6 = 38
Feb 4	29-3 Feb	45	35	10	5	5	45	45- 5 = 40
Feb 11	4-10 Feb	50	44	6	3	4	50	50- 4 = 46
Feb 18	11-17 Feb	38	35	3	1.5	4	38	38- 4 = 34
Feb 25	18-24 Feb	42	37	5	2.5	4	42	42- 4 = 38
March 4	25-3 Mar	42	37	5	2.5	4	42	42- 4 = 38

The monthly settlement process for the transactions made in the two months of January and February, illustrated above is as follows:

SL.	Period under consideration	Formula	Jan 1 – Feb 3	Jan 1 – Mar 2
A	Business Day for accounts settling	First week of accounts settlement after month end	Feb 4	March 3
B	Margin for the period	$\sum \text{col}(4)$ for the period	44	63
C	50% of Margin	50% of (B)	22	31.5
D	Number of weeks under consideration	Count of the number of weeks when accounts were settled in the period	5	9
E	Applicable Minimum Guarantee Revenue (7) = (6) * 4 crore	(D) * Rs 4 crore	20	36
F	Agency License fees applicable during the period	Max (C,E)	22	36
G	Agency License Fee retained by the Authority	$\sum \text{col}(6)$ for the period	23.5	39.5
H	Payment / Set off with Project Agent during the end of preceding month(s)	$\sum I$ for the period	Not applicable	1.5
I	Payment / Set off with Project Agent for the current month	G – F – H	1.5	2

- 10.3 At the time of settlement of accounts on the first working day of each week, in case the amount of Payouts exceeds the amount of Gross Sales and consequently the amount of Net Sales derived at is in negative, then for the purpose of calculation of the Agency License Fee, the same shall be treated as zero and the Authority shall retain the Minimum Guaranteed Revenue. It is clarified here that the aforesaid negative figure shall neither be set off nor accounted for during monthly/ yearly settlement of accounts by the Authority.
- 10.4 The Project Agent undertakes to pay minimum 75% of the gross turnover from the sale of lottery tickets for each Draw as Prize money.
- 10.5 In the event, the Project Agent makes any default in payment of its dues in terms of this Clause 10 above, without prejudice to any of its legal rights that Authority may have under the law, the Authority shall be entitled to recover the same from the Project Agent by appropriating the relevant amount(s) from the Performance Bank Guarantee furnished by the Project Agent.
- 10.6 In the event, the Authority delays in the payment of the amount in terms of the provisions of Clause 10.1 (ii) above, the Authority shall be liable to pay simple interest at the rate of 15% per annum on such amount for the period of delay calculated on pro-rata basis to the Project Agent. However, the Director Punjab State Lotteries to ensure that the timely payment is made to the Project Agent shall constitute a team of atleast three serving officials from his office who would be by name deputed for this very purpose and in case of any unjustified delay they shall be personally liable and responsible for the same.
- 10.7 The Project Agent shall be required to submit the following information duly signed by the Chartered Accountant of the Project Agent on a monthly basis:
- (i) Turnover statements of the proceeds from the sale of lottery tickets;
 - (ii) all Prizes;
 - (iii) Prizes actually distributed by the Project Agent.

The Project Agent shall submit the monthly sales reports and Payouts, and both the Parties shall reconcile the account for reference and records of the Authority as per this Agreement.

The aforesaid information shall be provided by the Project Agent in respect of each foregoing month by the 1st Business Day of the succeeding month.

11 TAXES:

- 11.1 Any statutory taxes, levies, duties, statutory payments, etc. payable in respect of implementing the On-Line Lottery Project in the State of Punjab, shall be borne and paid by the Project Agent. The Project Agent shall deposit any such taxes, duties, levies, etc. to the credit of the State Government or the Central Government or any concerned authority, as the case may be. The Authority shall not be liable in any manner for the payment of applicable taxes in terms of this Agreement.

Provided however, the financial liability on account of any tax payable under the Punjab Tax on Lotteries Act, 2005 shall be borne by the Authority.

11.2 In the event, the Project Agent makes any default in the payment of any such dues in terms of Clause 11.1 above and on such account if any demand from the concerned department or authority is made to the Authority, the Authority may discharge any such liability at the risk and cost of the Project Agent by appropriating the relevant amounts from either the Performance Bank Guarantee furnished by the Project Agent or by deducting the said amount from any payments to be made by the Authority to the Project Agent in terms of Clause 10 above.

12 ADVERTISEMENT AND PROMOTION:

12.1 The Project Agent may use all necessary advertisement and promotion to create and enhance the image for the On-Line Lottery System of the State of Punjab. These shall include coverage through press and advertisement and promotion through direct mail and publicity through events like road shows, concerts, etc.

12.2 All publicity in respect of the On-Line Lottery System shall be at the option of the Project Agent. However, the Project Agent shall ensure that the manner in which the lotteries of the State are portrayed in written visual or electronic media do not tarnish the image of the Government.

12.3 All costs towards such publicity shall be exclusively borne by the Project Agent.

12.4 However, no promotion/ advertising shall be undertaken in the media/ event which is prohibited by the Government or by law or by the order of any court.

13. APPOINTMENT OF AUDITORS/ TECHNICAL EXPERTS:

13.1 The Authority shall at its expenses get conducted an annual financial and systems audit of the various lottery schemes organized on its behalf by the Project Agent to ensure that the provisions of the Act/ Rules are not violated in any manner whatsoever.

13.2 The Authority shall at its expenses, also get conducted a periodic inspection/ audit of the Project Agent's network and its operations including that of any site, system, tools, methodology adopted, software installed, procedure(s), report(s), record(s) complainant(s) or any quality assurance measures taken by the Project Agent while performing its Services in pursuance of the provisions of this Agreement and the RFP Document. The Project Agent shall ensure that adequate upto date security measures, firewalls and disaster recovery measures are in place. The Project Agent shall supply all tools, test instruments and other accessories for facilitating such inspection, tests or audit.

13.3 To this effect, the Authority shall appoint an independent Auditor to conduct an independent audit of all accounts, pertaining to the conduct of On-Line Lottery System. The Authority may also appoint Computer Engineers or Experts to conduct audit and inspection of the Network Operation System installed by the Project Agent for Online lotteries.

13.4 The Audit shall include checking and counting of tickets being sold, to detect any computer related errors, mistakes, frauds, misuse of the system, to prevent date Manipulation and such other work assigned to them by the Authority in terms of this Agreement.

13.5 The Project Agent shall appoint registered Chartered Accountant for the purpose of internal audit and certification of all lottery accounts.

14. OTHER TERMS AND CONDITIONS:

14.1 The terms and conditions, which shall be printed on the reverse side of the lottery tickets, shall also form a part of this Agreement.

14.2 The Project Agent shall open and maintain its branch office in Chandigarh, capital city of the State of Punjab, at its own expenses.

14.3 The Authority shall not ordinarily interfere in the internal administration of the Project Agent's office established but reserves the right to inspect periodically, to ensure that no activities are carried out to the detriment of the interest of the Government.

14.4 The Project Agent shall set up central information and processing system in accordance with its current business practices at any place in India to be finalized with the prior approval of the Authority, whilst providing any time read-only access to the Authority or its appointed agents.

14.5 For effective monitoring & security of On-Line Lotteries, the Project Agent shall also maintain a mirror server to have a ready backup of the data, and the mirror server shall be updated simultaneously with the Central server.

14.6 The Project Agent shall ensure that any data and information relating to On-Line lotteries cannot be accessed, read, added to, removed or altered by any unauthorized person. The Project Agent shall ensure the safety and security of the Central Computer System, other equipment's, ticket materials and other consumables used in issuance of tickets, the communication network and computer terminals or such other devices as approved by the Authority, so as to prevent theft, fraud, misuse or total destruction from fire accident or such other natural disasters. It shall abide by any security measure that may be ordered by the Authority in this regard.

14.7 The Project Agent shall fully indemnify hold harmless and defend Authority and its officers against any financial and legal liabilities on account of violation of the relevant laws and rules in force in country, and all such claims that are solely attributable to the Project Agent, in relation to the implementation of the Project during the term of this Agreement.

14.8 No change in the shareholding pattern of the SPV shall be carried out without the prior approval of the Authority, during the currency of this Agreement.

14.9 *{The lead member of the selected bidder consortium shall maintain an equity share holding of at least 51% (fifty one per cent) of the paid up and subscribed equity of the SPV whereas each co-member of the Consortium shall, maintain their equity share capital as committed at the time of submission of its Bid, at all times during the Agency Period.}*

- 14.10. The Project Agent agrees and undertakes to provide or procure managers, supervisors and competent staff for the proper operation of the On-Line Lottery System including marketing thereof.
- 14.11 The Project Agent shall provide or procure on-going maintenance of the On-Line Lottery System during the terms of the Agency Agreement.
- 14.12 Subject to the provisions of the applicable law, neither the Authority nor the Project Agent shall communicate or inform or leak any information of confidential nature including secret code which comes to the knowledge of either party in respect of the Punjab On-Line Lottery System except with the prior written approval of the other party.

15 ADMENDMENTS:

- 15.1 In case any amendment to the Act or Rules made thereunder or decision of competent Court brings changes in the scheme of appointment of Project Agent, every effort will be made by both the parties to make operation of On-Line Lotteries System of the State of Punjab in compliance with such changes.
- 15.2 Any modification to any term in the Agreement shall be made with the consent of both the parties in conformity with the Act, Rules and decisions of the Court, if any, in writing.

16. TERMINATION OF AGENCY

16.1 TERMINATION BY AUTHORITY

Without prejudice to the provisions of Clause 7.3 hereinabove, the Authority may at its sole discretion terminate this Agreement by giving a 15 days' notice in writing to the Project Agent, for any failure of performance or violation or breach of any of the terms and conditions of this Agreement or in the event of occurrence of any of the following:

- (a) Fraudulent conduct in the sale of lottery tickets by the Selling Agent;
- (b) Any act of misconduct or malfeasance on the part of the Selling Agent;
- (c) Erratic provision of Services without any sufficient cause;
- (d) The conviction of the Project Agent;
- (e) Non-payment of any dues payable in terms of this Agreement to the Authority or non-payment of Prizes payable to winners;
- (f) Any deterioration in quality of Services below specification mentioned in this Agreement which the Project Agent fails to rectify or improve within the cure period of 15 days from the date of notice issued by Authority in this regard;
- (g) Commits default in terms of Clause 7.3 above; and
- (h) Failure to maintain the Performance Bank Guarantee for the said amount and for the said period in terms of Clause 6 of this Agreement.

The Authority shall allow the Project Agent an opportunity of being heard before passing the final order and upon such hearing in case the Authority is satisfied that valid ground(s) exist for recalling the termination notice, the Authority may withdraw the termination notice.

Upon termination of the Agreement in terms of this Clause 16.1, the Project Agent would be required to deposit the balance Agency License Fee for the year as damages accruing from the date of termination.

16.2 ACTION PURSUANT TO TERMINATION OF THE AGENCY

On termination of this Agency Agreement at an earlier occasion in terms of Clause 16.1 above, all assets (including inter-alia hardware, software, documentation and technology) created by the Project Agent for providing the Services under the Agreement shall vest with the Project Agent, who shall become entitled to remove the same.

However on termination of this Agency Agreement at an earlier occasion in terms of Clause 16.1, the Performance Bank Guarantee of the Project Agent shall be forfeited by the Authority.

17 SETTLEMENT OF DISPUTES

All the disputes and difference arising between the parties hereto, including any dispute or difference in regard to the interpretation of any provision or term or the meaning thereof, or in regard to the rights and obligation of any parties hereto under this Agreement or otherwise, howsoever, which cannot be resolved mutually shall be referred to arbitration. The Sole Arbitrator shall be Principal Secretary Finance, Government of Punjab. The decision of the Sole Arbitrator shall be final and binding. The Arbitration and Conciliation Act, 1996 (Central Act 26 of 1996) and rules framed thereunder as amended from time to time shall apply to the arbitration proceedings.

18. FORCE MAJEURE:

18.1 A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled and is without the fault or negligence of the non-performing party. As herein used, Force Majeure includes, fire, explosion, war, terrorism, Act of God or any act/ directions of any governmental/ statutory authority or agency for stoppage of the Services, or any other cause which is beyond the control of the party affected, and which, by the exercise of reasonable diligence, said party is unable to prevent delays arising as a result thereof or to predict and through advance planning avoid such delays. Except as otherwise provide herein, neither the Authority nor the Project Agent shall be liable to the other for any delay in, or failure of performance which constitute default hereunder, to the extent that such delay or failure is caused by Force Majeure.

18.2 If the Services are prevented in whole entirely due to the occurrence of any of the aforesaid Force Majeure events, the payment of Agency License Fee shall be exempted to the extent possible for the period covered entirely by such

event(s) of Force Majeure and there will be fair and reasonable extension upto the corresponding period, in the term of the Agency Agreement. The Project Agent shall not be entitled for any monetary compensation from the Authority for any such condition. The decision of the Authority regarding the period so covered by the event of Force Majeure shall be final and binding on the Project Agent.

19. ENTIRE AGREEMENT

19.1 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes and extinguishes all prior agreements and understandings between Parties with respect to the matters covered hereby and all representations or warranties previously given.

20. WAIVER

20.1 No waiver by either party of any default in the literal performance or compliance with any provision herein shall be deemed to be a waiver of any other provision nor a future waiver or release nor shall any delay or omission of either party to exercise any right or impair the later exercise of any such right.

21. NOTICES

21.1 All notices and other communications provided for or permitted hereunder shall be sent by certified or registered mail with postage prepaid, by hand delivery, by telex or by facsimile transmission as follows:

(a) If to Authority, to :

(b) If to Protect Agent:

Or to such other address or person as either party may specify by notice in writing to the other. All such notices or communications shall be deemed to have been duly given or made:

(i) 5 days after being deposited in the mail with postage prepaid;

(ii) When delivered by hand; and

(iii) If sent by facsimile transmission, upon transmission confirmation.

22. COUNTERPARTS

22.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

23. GOVERNING LAW

23.1 Subject to Clause 19, this Agreement shall be governed by and construed in accordance with the laws of India and each of the parties hereby submits to the exclusive jurisdiction of the Courts at Chandigarh.

24. GOOD FAITH

24.1 The Parties shall actively co-operate and be just and faithful in their dealings with each other and act in good faith towards each other in all matters in connection with this Agreement.

25. COSTS

25.1 Whether or not any of the transactions contemplated by this Agreement are consummated, each party shall pay its own fees and expenses incidental to the negotiation, preparation and execution of this Agreement, including the fees and disbursements of its lawyers and accountants.

IN WITNESS WHEREOF, the parties hereto have here to set their respective hands and affixed the official seals on the Day of the month of the year 2014 first hereinabove written.

SIGNED, SEALED AND
DELIVERED BY THE
AUTHORISED SIGNATORY

SIGNED, SEALED AND
DELIVERED BY THE
AUTHORISED SIGNATORY

FOR <<State Government>>
<<.....>>

For M/s

<<Name & Destination>>

<<Name & Destination>>

Date & Year: _____

Place: _____

Witnesses:

1.

1.

2.

2.

SCHEDULE – I
MINIMUM GUARANTEED REVENUE (MGR)

YEAR	AMOUNT OF MGR (Rs. in Crores)
Year 1	
Year 2	
Year 3	

SCHEDULE-II
SCOPE OF WORK

The scope of work to be executed under this Tender Document involves setting up of complete infrastructure required to operate the planned service. The scope of work will include:

1. Equipping the retailer outlets with modern lottery terminals/ equipment to provide the complete point of sales facilities to customers/ retailers. The number of Point of Sale shall be limited to 1,700.
2. Setting up of state of art, communication network/ infrastructure to link up all the retail outlets and all other points of sales to the central headquarters under the control of Director Lotteries as designated by designated Authority at Chandigarh or any other place.
3. Setting up of the complete central processing, data base management and control system using latest generation platforms under the control of Director Lotteries to manage, operate, control and monitor the complete lottery network in compliance with the laid down objectives and requirements, at the Central Headquarter at Chandigarh or any other place as declared by the designated authority under the control of Director Lotteries.
4. Installation of all other necessary infrastructure required for successful, efficient and foolproof operation of the network.
5. Install an integrated on-line lottery system that will meet the on-line lottery product needs of the Administration for the term of the contract period.
6. Install computer terminals, supporting systems, and services that are operationally sound, incorporate the highest level of integrity and security, and minimize risk.
7. Install computer terminals that will lead to high retailer and player satisfaction for quality and performance.
8. Install a system that is sufficiently flexible to meet the Administration's evolving requirements.
9. Insure that all proposed systems and services are ready to be operational by the agreed upon start up schedule.
10. Ensure that system and services corrections, improvements, and expanded on-line lottery features are delivered in a timely manner.
11. Maximize net lottery proceeds.
12. Ensure the attainment of technology transfer in its various forms (physical capital, Knowledge, marketing, management skills, etc.)
13. Ensure the attainment of adequate and all round capacity building in its various forms throughout the contract period for the smooth succession of the online undertaking.

The Project Agent should provide complete details on how he plans to provide such facilities.

SCHEDULE – III

OPERATIONAL REQUIREMENTS

The system should provide a complete range of services for the On-Line Lottery System as available in contemporary systems world-wide. Key services and features in the network will, inter-alia, include:

1. Facilities to the customer for selecting different lottery options/ games at the lottery terminals;
2. Production and sale of tickets at point of sale;
3. Ticket authentication and validation at the point of sales;
4. Cash management and transfer of funds to the Directorate of Lotteries, Department of Finance, Government of the State of Punjab along with statements of accounts;
5. On-Line communication on details of tickets sold and transactions done;
6. Communication of details of prizes at each retail outlet/ point of sale;
7. Robust and easy to operate lottery terminal equipment;
8. Facilities for lottery draw by the Government independent of the lottery network;
9. Communication of winning numbers to all retail outlets/ point of sales;
10. Disbursement of prize money for specified schemes;
11. Incorporation of robust error correction techniques to ensure complete data and transaction integrity;
12. Incorporation of strict security procedures and measures including encryption and various levels of passwords in the operation, and network hardware/ software to eliminate the possibility of errors, frauds, cheating and misuse;
13. Provision for monitoring facilities with the Government to monitor the services for all aspects of operation at any time, including operational details, cash and accounts details, operational status of system, various types of statistical information, MIS reports, customer complaints, attempts at unauthorized access in the system etc.;
14. Provision for maintenance and proper accounts of all transactions, including reconciliation;
15. Redundancy in hardware/ hot standby system/ fault tolerant features to be built-in for ensuring high system availability;
16. Monitoring facilities including diagnostic report generation in the network for quick repair and maintenance;
17. Facilities for satisfactory operation under Indian conditions of climate and power supply;
18. Exclusive use for lottery operation to ensure fast and reliable operation and avoid the possibility of access to unauthorized personnel;

19. Communication network (Voice and Data) between retailers and the central head quarters to look into all complaints of retailers regarding maintenance, operation and integrity of the system;
20. Automatic equipment at point of sales, communication network and central control room/ headquarters;
21. Facilities such that the system operation, particularly at the point of sales/ retail/ outlets are as user/ customer friendly as possible to ensure popularity amongst the lottery players some of whom may not be highly literate;
22. Facilities for easy modular expansion to cater to expected business growth;
23. Facilities for introducing new games through software changes only;
24. Facilities to enable streamlined operation under the control of a central Network Management Facility;

SYSTEM SOFTWARE

1. The details of the software used in this system including flow chart and write-ups are required to be provided, after award of the Agency. The software should be modular and flexible for easy expansion to include new games and business growth.
2. Brief details of the software features should be provided in the Bid. The details of the security systems built into software should also be provided.
3. The system and software shall be technically audited and certified by technical consultants appointed by the Government. Once approved, any further modification in the software will be carried out only with the prior intimation/ approval of the Government. The Government may obtain such inputs from any Consultants or any Government Department or agency in this respect as it may deem fit.
4. Transaction Processing/ Database/ OLLS Administration Hosts: All games, database and administration functions for solution on-line must be supported by a protectively redundant configuration.
5. The remaining system(s) will immediately assume the load in case of a failure in one server without loss or corruption of any data and transactions received prior to the time of the failure.
6. Operations Procedures: Procedures for computer operations staff, especially regarding failure situations, must be straightforward. It is required that in addition to operator prompted failover that the system is able to recover from failures without operator intervention ("auto-failover").
7. Secure connections: There must be in no capacity to connect into any on-line lottery system from a remote non-retailer terminal/ point of sale without approval of Director, Punjab State Lotteries. Any such capability, such as for remote monitoring, or diagnosis of equipment or software, must employ stringent security mechanisms, Connections to other remote systems and terminals must be protected by firewalls, encryption, and / or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. The acceptability of any such security approach will be subject to Directorate of Lotteries, Punjab's approval.

8. Time Synchronizing Multiple systems in the configuration must have a time synchronizing mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time standard is required.

SYSTEM CAPACITY

1. The Project Agent should provide the detailed calculations and the means to achieve the targeted system capacity as per their Business Plan including peak-hour capacity to handle traffic without any unreasonable delays.
2. The choice of various network elements used like processing platforms, point of sales facilities, communications network capacity should be related to the overall system capacity to be achieved. Provisions made for capacity growth should also be indicated.
3. All other transactions (e.g. winning ticket validations, cancels, and brief on-line reports, etc) shall be produced in no more than five (5) seconds after completion of data entry to availability of the ticket or report to the retailer. Faster response time is desirable.
4. The Project Agent must assure high up time of the central system on the online lottery set up further the system architecture must be customized to handle the business requirement and infrastructural challenges.
5. Minimum data back up at regular intervals needs to be taken and this may be explained by the Project Agent.

OPERATING HOURS

The system should be functional 24 x 7 upto the time as decided by state Government time to time.

NETWORK DESIGN AND IMPLEMENTATION

The Vendor's proposal must make clear the distribution of different technologies across the retailer population. The design must cover at a minimum of the following network nodes; however, additional connections relevant to the network's topology and purpose may be employed as benefits the design and the Lottery Administration's business requirements.

1. On-Line Retailer Network: Primarily the design must provide end-to-end on-line connectivity for computer terminals to the on-line lottery system data centre. In addition, since on-line lottery transactions must be possible at either data centre, there must be links between retailers and data centre sites.
2. The Project Agent shall provide all required telecom connections/ Technologies in order to roll out as per the customized system architecture.
3. Retailer In-Store installation: Should the carrier demarcations at the retailer premises not be near the retailer's prescribed location for the lottery terminal, it is the Successful Vendor's responsibility to provide the inside wiring or other mechanism to reach the terminal. This connection must be maintained even if the retailer adjusts the in-store design.

NETWORK DESIGN FEATURES

Communication facilities must be designed with performance, monitoring, redundancy, diversity, and security features to enhance servicing the on-line lottery System.

1. Fault Tolerance The network must exhibit redundancy and diversity that virtually eliminate single failures from being systemic. A single point of failure must not have the potential to bring down most of the network.
2. Fault notification. System elements and diagnostic equipment must be able to notify the network or System monitor applications of significant transmission error rates or outages as soon as possible after occurrence.
3. Mitigation of Design Limitations. The design must mitigate the limitations of the proposed communication technologies. For each retailer network technology the Vendor must identify its known limitations and how they will be addressed. Examples of design limitations include (but are not limited to) unavailability of service in certain areas, radio interference, adverse weather, variability in latency or bandwidth, failure of retailer clusters, carrier SLA that involves long response/ repair times, long provisioning times.
4. Bandwidth. The design must provide adequate bandwidth for each retailer and for the backhauls to the data centres. For each technology proposed the Vendor must note the nominal bandwidth to and from the retailer, and the aggregate bandwidth through network paths shared by multiple retailers.
5. Secure External Transmissions. All data communications external to secured facilities must be encrypted from point of transmission to point of receipt, including any data transmitted directly from the on-line lottery central systems to the remote backup system, to service centres and any other remote locations. Protected information includes but is not limited to plays, validations, security codes, reports, and downloaded software; commercially available encryption mechanisms are acceptable.
6. Incomplete Transaction Protocol. On incomplete or unresolved transactions between the host systems and the computer terminals, there must be mechanisms for reconciliation. These may include retries, logging for reporting, and error messages to the retailer, System operations and Lottery.
7. Non-Responding Terminals. If the central system finds a terminal that is not responding within a set number of re-tries or within a reasonable time window, the terminals condition shall be logged. The system shall make allowance for servicing of all other terminals on the network between re-tries of the terminal nor responding and the system shall continue to attempt to service the terminal until the problem is resolved or the system is hut down for end-of-day processing. Non-responding terminals shall not preclude communication with other terminals. Non-responding terminals shall be apparent to a network monitoring application.
8. Commercially Available Communication Protocols. To enhance the "open systems" aspect of the System to introduce changes and improvements, it is required that lower-level communication protocols are widely used commercially available protocols, not vendor-proprietary.

9. Connection to Systems and Networks Not Dedicated/ Private. Any connection made between the System that processes game transactions, and any other systems or networks that are not private and/ or dedicated to the Lottery Administration's game transaction processing (such as the Lottery administrative system and the Successful Vendor's administrative support system and development/ QA system), must be effected through devices that detect and block or filter out unnecessary and unauthorized traffic. Traffic must be supported only from authorized nodes. Software transfers must be secured. The Vendor must describe how the system will ensure that any such connections do not create vulnerability to unauthorized access, malware, denial of service attacks, and similar security threats.

RETAILER ON-LINE TERMINAL HARDWARE

The vendor will provide required hardware for on line terminals at retailer end. This will be a combination of fixed and handheld terminals. The Vendor must also supply additional terminals for training, testing, and spares.

SYSTEM SECURITY AND CONTROL FEATURES

In addition to selling tickets, the system must provide particular features and functions to meet requirements for secure and efficient operation.

1. The Project Agent should provide a detailed write up on the security approach adopted in the system including hardware measures, software techniques and organizational set-up to ensure that possibilities of frauds, cheating and misuse are practically eliminated. The security should extend to all aspects of the network including retailer and equipment, communication's network and central processing units as well as to the domain of system operation.
2. The Project Agent should provide details of the measures employed including controls, checks and verifications planned, to ensure the integrity in ticket transactions, fund management, and prize distribution and other operations.
3. The Project Agent should provide details of encryption technique used to protect unauthorized access to the system and methods used for authentication and validation of the transactions.
4. The Project Agent should list potential threats to the security of the On-Line Lottery system including duplicate tickets, stolen terminals, terminal malfunction, under reporting of lottery revenue by the Agent to the Government and so-on and the counter measures to remove and reduce such risks or frauds.
5. Logging: All On Line Lottery processing activities are to be recorded immediately on electronic media on multiple hosts. Such lottery processing activities at a minimum include: sales, cancels, cashes, validation attempts and other play-related transactions, any other computer terminal commands, error conditions, operating system entries, job console entries, and management terminal entries.
6. Validation: The System must be capable of validating winning tickets by means of a reader and by manual entry.

7. Unique Transaction Number. The serial number assignment method used by the Vendor must account for the fact that transactions resulting from unclaimed winners, from subscription sales, and possible other causes may reside for an extended period in the System. It is required that the ticket serial numbers be unique over the term of the Contract.
8. Transactions Protected: The system must ensure that transactions cannot be tampered with, including but not limited to the log files and validation files. The Lottery Regulation Act 1998 and Punjab State Lottery Rules 2010 reserves the right to review any and/or all System narratives, source program listings and operational procedures to ensure data and System integrity. The Proposal must discuss methods and procedures that prevent tampering.
9. Tickets Not Duplicated: Exact duplicate tickets must not be created on terminal equipment. Ticket reprints and repeat bets are permissible as defined by The Lottery Regulation Act 1998 and Punjab State Lottery Rules 2010.
10. Liability Levels: The Lottery shall be alerted immediately when sales of a number in a fixed payout lottery reach a warning level, and then reach a specified liability level. The System, through a management terminal, must provide a payoff figure and a payoff liability, whenever requested by the Direct Lotteries, Punjab. The System shall automatically suspend sales of any number when the liability limit is reached.
11. Operator Console Records: All operator commands executed by the System and any System warnings or problem messages shall be placed on a non-volatile medium. This log must be provided on magnetic media or as an electronically-transmitted file to the Directorate Lotteries, Punjab which it may at its option process and review for auditing purposes.
12. Retailer Spoofing: The system must ensure integrity wherein no action, either operational or by tampering, can permit duplicate or unauthorized terminal addresses to be established. In all cases, authorized terminal identification must be ensured.
13. One-Time Cashing: A winning ticket must not be cashed more than once.
14. Software Checksums: Checksums are required for executable programs on the host online lottery systems and terminals for auditing purposes. The System must maintain control of terminal software distributions such that terminals are not able to run inappropriate versions of the software.
15. Transaction Storage Redundancy: Every transaction of the terminals must be received for logging in at least two (2) geographic locations before authorization to print a ticket, including the primary and backup data centres. In addition there must be protective redundancy of copies at the primary data centre.
16. On Line Lottery Monitoring: Real-time monitoring of on-line lottery transaction traffic and system utilization must be provided. The Directorate of Lotteries, Punjab shall receive immediate notification of abnormal System operations and their causes, such as validation problems, communication difficulties, computer downtime, etc.

17. Transaction Simulation: A transaction simulator program is required to generate all types of transactions (terminal and system) in optional percentages for use in testing software quality and performance.
18. Secure On-Site Storage: The Successful Vendor must provide for secure on site storage of critical files, software and back-up data. Archived backups must be retained for a minimum of Agency Period. Media stored in archives must be checked and/ or exercised periodically to ensure their physical integrity.
19. Valid Backups: The Successful Vendor must use operational practices through report balancing and reconciliation to ensure that current files and archived backup copies are valid. This is particularly important for validation files and future plays files where recovery by reprocessing large volumes of aged transactions may be impractical.
20. Software Quality Assurance and Acceptance Testing: The Successful Vendor shall perform quality assurance practices for software enhancements and corrections.
21. The testing environment must be capable of providing production-type reports including management reports and terminal reports, and the ability to research and report transaction history.
22. All Software changes must be accompanied by release notes that characterize the planned, and the software changes that will be incorporated into a completely-defined release package. The release notes shall include, but not be limited to, version numbers, files affected, change request identifiers, and change descriptions.
23. Configuration Management: The Successful Vendor shall operate under a defined procedure for changes to documentation, procedures, specifications, program source and object code, and other major system components. Strict performance according to principles of configuration management is required.
24. System components shall have version or release numbers, or model and serial numbers.
25. Components shall be traceable, identifying the history, use, and location of a component.
26. The system must provide reports showing when and by whom a change was made and must avoid multiple update conflicts.
27. The System shall have the ability to produce a configuration status report or listing.
28. The successful Vendor shall ensure thorough procedural and system controls that only approved changes, on an approved schedule, can be made.
29. Reports and /or displays shall be available to the Directorate of Lotteries, Punjab to review configuration management activities.

ON LINE LOTTERIES DRAWING CONTROLS

1. Automatic Close: 1 minute before the draw, the System shall automatically close a game without operator intervention.
2. Transactions at Close: The System must maintain control of transactions underway at close time so that all transactions before the game close transaction apply to the forthcoming drawing and all transactions after the game close transaction apply to the subsequent drawing.
3. Drawing Information: At game cut-off for any game the system must display on the Successful Vendor's and the Lottery's management terminals the following information for the game.
 - a. Time of day
 - b. Net game pool (sales minus cancels)
 - c. Total of plays (including cancels)
4. Dual Entry, Dual entry of drawn: The system must provide the option to suspend sales of a game for the remainder of the sales day, after the last drawing of the day. This feature could for example support a game matrix change to take place after one day's last drawing.
5. Suspend Sales After Last Drawing: The System must provide the option to suspend sales of a game for the remainder of the sale day, after the last drawing of the day. This feature could for example support a game matrix change to take place after one day's last drawing.
6. Closing, Drawing and Cashing Time Window: The Directorate of Lotteries considers it mandatory to minimize the time window between close of the games, drawings, and the ability to pay winning tickets. Fixed payout validations must be supported within ten (10) minutes of the drawing time.

MANAGEMENT AND ADMINISTRATIVE REPORTS

The system must produce a wide assortment of timely management and administrative reports for use by the Successful Vendor and by the Lottery Administration. The Directorate of Lotteries reserves the right to adjust its reporting requirements and schedules during the Contract.

SPECIAL SECURITY INFORMATION REPORTING

The following information must be reported by the System to support Lottery Security operations.

1. Daily/ weekly intelligence reports.
2. Cancel ticket report.
3. On-Line System Activity. Security will need the ability (upon request) to obtain from the Successful Vendor, detailed system information for all terminal activity (by day, by week, etc) at each of the lottery agent locations.
4. Investigational Information. The system must provide Lottery security access to obtain information or provide hardcopy reports when requested.

CENTRAL SITE SPECIFICATIONS

The successful Vendor must provide a Data Centre with data recovery facility.

NEW GAME INTRODUCTIONS

The network will have the capacity and facility for easy introduction of new games from time to time. The introduction of new games should be primarily through software. Procedures for introducing new games should be outlined including down-loading of software. The new games will be introduced with approval of the Government.

TROUBLETRACKING, DISPATCH, AND REPORTING SYSTEM (HOTLINE SUPPORT)

The Successful Vendor shall staff a hotline function for retailer trouble calls, and shall maintain and manage a database and reporting system.

TECHNICAL SUPPORT SERVICES

Timely and committed fulfillment Joint Venture Company (project) for System support and changes is a requirement. The Vendor's Proposal must identify how systems and software engineering support services for system management, System error correction, changes to the Lottery's business rules and requirements, and game changes will be delivered.

SYSTEM APPROVAL

The Project Agent should provide the methodology and approach which they will use to prove to the Government that the system meets the claimed performance levels. The Distributor/ Selling Agent will have to generate the required specifications, test protocols as well as provide testing infrastructure for this purpose.

SYSTEM AVAILABILITY

It is required high level of system availability to ensure customer satisfaction and maximizing revenues. The Project Agent should outline the strategy to achieve this objective. Details about the maintenance philosophy and maintenance set-up may also be provided.

INSTALLATION AND COMMISSIONING PLAN

The Project Agent should provide a detailed time plan/ milestone chart for installation and commissioning of the system. The details of resource availability and requirements for achieving these milestones should also be provided.

CASH MANAGEMENT

The system should have robust and foolproof arrangements for cash management at retailers' end, and transfer of cash to the Government. The Project Agent should outline the complete methodology to be adopted and features built in the system to ensure safe and secure handling of cash at retailer end and transfer to the Government on the same day through RTGS/ NEFT.

APPOINTMENT OF AUDITORS AND GOVERNMENT AUDIT

The auditors for the Agent shall be appointed in consultation with the Directorate of Lotteries, Department of Finance, and Government of Punjab. The audit would be expected to be completed and finalized within 2 months of the close of each financial year.

SYSTEM DESIGN AND ENGINEERING

The Project Agent should explain with the help of technical description, block diagrams, drawing, brochures and other suitable materials, the system design and engineering strategy adopted for setting up of On-Line Lottery network to achieve the objectives of the On-Line Lottery System as given above.

SYSTEM CONFIGURATION

The Project Agent should provide complete details of the system configuration including technical description of the network and all the sub system and network elements. The Technical information should include brochures, block diagrams, drawings and write-ups for complete understanding of the network.

The software of On-Line Lottery System will be the property of State Government.

RETAILER DETAILS

The Project Agent is required to submit a complete contact list of the terminal holder with the its name, contact address and telephone number which are to be used for terminal. Terminal shifting/ Name change/ location change, etc. should be with prior approval of State Government.

OTHER REQUIREMENTS

1. Communication Network
2. The leased/ dial-up lines in the state/ country are not easily available/ reliable at all the places. Therefore, networks based on radio including VSAT/ point to multi-point radio systems may have to be implemented at many places. The Project Agent should provide details about their strategy for these situations.
3. Government Approvals.
4. All the State/ Central Government approvals required, except the approval to operate in the State of Punjab, for installation and operation of the network

will be the sole responsibility of the Agent. The time plan proposed should account for these activities as well.

5. Standards and Protocols
6. The Project Agent should give details of standards and protocols used in the systems equipment in the network. These should conform to internationally acceptable standards.

ESTIMATES OF KEY PERFORMANCE PARAMETERS

The following information should be provided by the Project Agent:

1. Maximum number of terminals/ point of sales to be supported by the network;
2. Transaction Response Time;
3. Average Number of Customers handled per terminal per hour;
4. Average up-time of computer terminals;
5. Average-up time of Communication Networks;
6. Average up-time of Central Computer System;
7. Overall system availability;
8. Mean Time to Repair ("MTTR") of major equipment in the network including;
 - a. Retailer and equipment;
 - b. Central Computer System;
 - c. Communication network elements;
9. Mean Time Before Failure ("MTBF") of major network elements including;
 - a. Retailer terminals;
 - b. Communication networks equipment;
 - c. Central Computer system;
10. Overall MTBF of the complete network