

**Land Sub Lease Agreement for
Grid Connected
Solar Photo Voltaic Projects
for Block No. _____
2500 MW ISTS-Connected Solar PV Power Projects at UMREPP
In Koppal District, Karnataka**

ISSUED BY

**Karnataka Solar Power Development Corporation Limited
2nd Floor, South Block-2, Beeja Raja Seed Complex Building,
Hebbal, Bellary Road, Bengaluru 560 024.**

MAY, 2020

Land Sub Lease Agreement

By and between

Karnataka Solar Power Development Corporation Limited

And

M/s. _____[Insert the name of SPD]

This Land Sub Lease Agreement is executed on this the _____ day of _____2020 at Bengaluru.

Between

M/s Karnataka Solar Power Development Corporation Limited (KSPDCL), a company incorporated under the Companies Act, 2013 having its registered office at 2nd Floor, South Block-2, Beeja Raja Seed Complex Building, Hebbal, Bellary Road, Bengaluru 560 024, Karnataka, India and (herein after referred to as “Lessor”), which expression shall unless repugnant to the context or meaning thereof, includes its successors and permitted assignees of the First Part

AND

M/s., [insert the name of SPD] a Company registered under the provisions of the Companies Act, 1956 or 2013 and having its registered office at _____ (hereinafter referred as “Lessee”) which expression shall unless be repugnant to the context or meaning thereof includes its successors and permitted assignees of the Other Part KSPDCL and Lessee are hereinafter referred to individually as the “Party” and collectively as “Parties”.

RECITALS

- a. Whereas, Karnataka Solar Power Development Corporation Limited (KSPDCL), was incorporated in the year 2015 under the Companies Act, 2013 as a Joint Venture Company between SECI (Solar Energy Corporation of India) and KREDL (Karnataka Renewable Energy Development Limited) with an objective to plan, develop and operate Solar Parks in the State of Karnataka under

MNRE Scheme for Development of Solar Parks and Ultra Mega Solar Power Projects in the country.

- b. Whereas, KSPDCL has been designated as Solar Power Park Developer (SPPD) for facilitation and implementation of the 2500 MW ISTS-Connected Solar PV Power Projects at Ultra Mega Renewable Energy Power Park (UMREPP) in Koppal District, Karnataka State, hereinafter referred to as the “Solar Park”. “KSPDCL” is herein after referred to as the “Sub-Lessor”.
- c. Whereas M/s., (Name of Sub-Lessee), a Solar Power Developer has been selected through competitive bidding vide KREDL Lr. No. _____ to develop a _____ MW_{AC} Solar Power Project in the Solar Park.
- d. For the sake of brevity and convenience, the term sub-lessor and sub-lessee are hereinafter referred to Lessor and Lessee respectively.
- e. Whereas, Lessor, as part of Solar Park development, will identify and acquire land (on lease basis) required and allot land to the private Developers as per MNRE guidelines at the rate of 2 Hectares per MW_{AC} (5 acres per MW_{AC}) for setting up solar power projects on lease basis for a period of 28 years. Lessor will also develop common infrastructure in the Solar Park like Internal Transmission System, Water Supply, Road Connectivity, Drainage System and Weather Stations, Street Lighting for the MDRs etc. Lessee shall at its own cost construct and maintain arterial roads with street lighting to and from MDRs.
- f. Whereas, for the purpose of setting up of the Solar Park, GoK vide notification numbers _____, has approved in-principle to acquire identified land of Koppal District of Karnataka from Land Owners by Lessor on 28-year lease rental basis. Lessor as such has absolutely seized, possessed and is sufficiently entitled to the Land;
- g. Whereas, Lessor has allotted the land to the Lessees who are selected through the bidding process conducted by SECI through Request for Selection (RfS) titled “Request for Selection (RfS) Document for Selection of Solar Power Developers for Setting up of 2500 MW ISTS-Connected Solar PV Power Projects at Ultra Mega Renewable Energy Power Park (UMREPP) in Koppal District, Karnataka under Tariff-based Competitive Bidding (ISTS-X)” vide RfS No. SECI/C&P/SPD/ISTS-X/Koppal-SP/RfS/2500MW/042020 dated 10.04.2020, including subsequent amendments and clarifications. The

land allotted to the Lessee is described in Schedule “1” written hereunder (hereinafter referred to as the “Land”).

- h. Lessor and Lessee wish to enter into this Land Sub Lease Agreement for the lease of the land for use by Lessee to build and operate a ___MW_{AC} Solar Power Project and related activities pursuant to the Power Purchase Agreement (“PPA”) between NTPC / ESCOM / SECI / KREDL (as the case may be) and the Lessee.
- i. KSPDCL has entered into Principal Land Lease Agreement/ Principal Lease Agreement with Land Owners (Principal Lease Agreement). The same has been registered. The Article 4(4) of said Principal Lease Agreement inter-alia provides a provision to KSPDCL to Sub lease the land to SPDs for setting up of solar generation projects. Pursuant to which, KSPDCL is Sub-Leasing the said land to Solar Power Developers selected through competitive bidding process for setting up of ___ MW_{AC} Solar generation. The Principal Lease Agreement is still valid and subsisting between the parties.
- j. Implementation Support Agreement entered into between KSPDCL & SPD shall form part & parcel of this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits and covenants contained herein, the Parties hereby agree as follows:

1. Extent of Land:

Lessor hereby agrees to sub lease of land described in the Schedule “1” to the Lessee for implementation of ___ MW_{AC} SPV Power Project in the Solar Park.

2. Lease Period

- a. This Land Sub Lease Agreement shall be for useful life of the plant i.e. 25 years from the date of obtaining concurrence from KERC on the draft PPA with provision for further extension on terms and conditions mutually agreed upon by both the parties in writing. In case of termination of existing PPA and/ or Implementation & Support Agreement/Principal Land Lease Agreement for the reasons attributable to SPD, this Agreement stands terminated automatically in accordance with the provisions of Article 11 & 12 of this Agreement.

b. Survival

The expiry or termination of this Agreement shall not affect any accrued rights, obligations and liabilities of the Parties under this Agreement, including the right to receive penalty as per the terms of this Agreement, nor shall it affect the survival of any continuing obligations for which this Agreement provides, either expressly or by necessary implication, which are to survive after the Expiry Date or termination.

3. Handing over of Land

Lessor on execution of the agreement will deliver vacant possession of above mentioned land free from all encumbrances to the Lessee within 15 days from the date of signing of the agreement or signing of Implementation and Support Agreement or upon payment of upfront charges, annual fee, land lease charges etc., to Lessor by Lessee or upon opening of LC whichever is later.

4. Payment Terms & Conditions:

4.1 The Lessee shall pay Annual Lease Rent as specified in Schedule “2” (@ 5 acres per MW_{AC} is allotted to Lessee and annual lease rent is calculated considering 5 acres per MW_{AC} irrespective of actual utilization of land) to Lessor for the land physically handed over to Lessee’s possession free of any encumbrances, for implementation of ___ MW_{AC} SPV based Power Project in the Solar Park.

4.2 The lease rent shall be payable on or before 30th April at the beginning of each financial year (Due Date). GST and all other taxes, duties, cess and other Government levies applicable on such transaction shall be reimbursed to the Lessor (SPPD) by the Lessee (SPD) within 7 days from the date of issue of bill by Lessor (SPPD).

4.3 Taxes & Duties

4.4 Lessee shall be responsible for payment of all Taxes & Duties from time to time arising from Lessee’s operation of the power plant.

4.5 Penalty for Delayed Payment

If payment of annual lease rent or any other supplementary bill in respect of tax etc. is delayed beyond their due date, Lessee shall pay interest at the rate of 24% per annum for the delayed period. If the payment is delayed beyond 30 days from the due date of payment, Lessor shall present the LC established by Lessee as per the Clause 5.0, in the Bank to draw the amount.

5 Letter of Credit (LC)

5.1 Lessee shall establish an irrevocable unconditional revolving Letter of Credit (LC) in favour of Lessor with a public sector / scheduled commercial bank within 30 days from the date of signing of this agreement. The LC shall cover annual lease rent payable to Lessor for the next financial year. Failure of Lessee to open the LC as stated above invalidates this agreement.

5.2 The LC shall be established for a minimum period of one year and shall be renewed annually for the amount equal to annual lease rent for the subsequent financial year as specified in Schedule “2”+ applicable GST. Lessee shall ensure that LC remains valid at all times during the entire/extended

validity period of this Agreement. LC shall be renewed not later than 30 days prior to expiry of existing LC.

5.3 LC shall specify the manner and dates when bill(s) can be presented to Bank by Lessor. The bills so presented by Lessor to the Bank shall be promptly paid on their presentation.

5.4 All costs relating to opening and maintenance and negotiation of LC shall be borne by the Lessee.

5.5 In case of drawal of the LC amount by Lessor in accordance with the terms of this Article, the amount of LC shall be reinstated automatically not later than 7 days from such drawal. Lessee shall arrange to furnish to Lessor a certificate to this effect from Bank(s) providing LC.

6 Right to regulate the common facilities

In the event LC is not reinstated within 7 days from the date of its expiry/drawal, Lessor shall have the right to regulate the common facilities offered to the Lessee by giving one month advance notice in writing, notwithstanding the rights accrued under the Land Sub Lease Agreement.

7 Terms & Conditions of Sub Lease

7.1 The Lessor shall handover vacant possession of the property as at Schedule "1" to the Lessee situated at Koppal District of Karnataka State.

7.2 The Lessee shall acknowledge and confirm that it has been handed over unrestricted, absolute, vacant and peaceful physical possession of the property as at Schedule "1", on an exclusive basis by the Lessor.

7.3 The Lessee shall use the property as at Schedule "1" for Solar power project only and shall not use or sub-lease this lease except for the said purpose mentioned under this Land Sub Lease Agreement.

7.4 The Lessee shall not use or allow to be used the land/or the structure thereon or any part thereof for any purpose other than Solar power generation or activities connected or incidental thereto.

7.5 The Lessee shall provide the required fire-fighting arrangements as per the requirements of such power plants/facilities/buildings.

7.6 The Lessee shall ensure that the usage of land/or the structure thereon or any part thereof and any alterations/additions to buildings/structures will not create problems to neighboring solar power plants.

- 7.7 The Lessee shall comply with all the statutory requirements of Central/State Govt. agencies required for erection and successful commercial operation of the solar power project.
- 7.8 The Lessee shall be entitled to use the property as at Schedule "1" for establishment of ___ MW_{AC} Capacity Solar Power Project and carry on the activity of electricity generation from such Solar Power Project. The Lessee shall have the sole and exclusive ownership to anything installed (movable or fixed) on the property as at Schedule "1" during the tenure of the Sub lease).
- 7.9 The Lessee hereby agrees that they shall not do any act, which is destructive or permanently injurious to the property as at Schedule "1" and degrades its commercial value.
- 7.10 The Lessee agree to maintain the said property as at Schedule "1" in a clean and sanitary condition to the satisfaction of the Lessor and shall also maintain the structures, if any, erected thereon as aforesaid, in good, and substantial repair to the satisfaction of Lessor.
- 7.11 The Lessee shall permit the authorised officials of Lessor at all times to enter upon the property as at Schedule "1" aforesaid to view the condition and state thereof.
- 7.12 The Lessee may uproot, cut down or destroy such trees, plants, groves, or bushes which, in the opinion of the Lessor, is necessary to uproot, cut down or destroy to make the land fit for the purpose of erection of Solar power project and infrastructure development such as road for same and may take them free of charges and dispose them in any manner he likes without affecting the performance of other SPDs. The Lessee may level the ground by removing embanked pathways and filling up low-lying places on the land so as to make the ground fit for the purpose of establishment of solar power project and infrastructure development such as road for same and cut the grass thereon and dispose of the same in manner he likes without affecting the performance of other SPDs and do any work on the land which, in the opinion of the Lessor, is necessary for such purposes. The Lessee shall pay compensation as determined by the Appropriate Authorities to Lessor if Horticultural trees/agricultural crops/yielding borewells/buildings in good condition.
- 7.13 The Lessee shall follow the instructions given by the competent authority/ Revenue Department/ Lessor from time to time.
- 7.14 To observe and perform all the terms, covenants and conditions contained in the said deed of lease to the extent and so far as they are applicable to the schedule land as if they were incorporated in these presents and not to commit breach of or do any act contrary to any of the said terms, covenants and conditions.

8 **Deleted.**

- 9 The Sub Lease period of 28 years as provided herein may be extended for such number of years on such terms and conditions as may be mutually agreed between the Lessor and Lessee and as per the applicable guidelines of the Government of Karnataka.
10. At the end of the project life and the sub lease period or extended sub lease period as the case may be, and at the time of handing over of the land to the Lessor, the Lessee will ensure that all Solar PV modules from their plant are disposed off in accordance with the e-waste (Management and Handling) rules, 2011 notified by Government of India and as revised and amended from time to time.
- 11 Termination Provided always that, if there be any breach of any of the terms and conditions and covenants herein contained or in the Implementation Support Agreement on the part of the Lessee, Lessor shall have the right to re-enter into the possession of the demised land or any part thereof. Provided that Lessor shall not exercise such right without serving the Lessee a notice in writing giving three months' time to remedy the breach.
- 12 In the event of termination of the Land Sub Lease Agreement and/or Implementation Support Agreement due to breach by Lessee, the Lessee shall, within sixty (60) business days following the termination date, remove all property and fixtures belonging to Lessee from the Site duly making payment of compensation equivalent to annual lease rent as specified in Schedule "2" for the subsequent financial year along with applicable service tax to Lessor. If the Lessee fails to remove the fixtures or buildings etc. or fails to make payment of compensation as above, even after the notice by Lessor to do so, such buildings, structures etc. shall vest with the Lessor and liable to be removed at the risk & cost of Lessee and the Lessor shall have the right to encash the Letter of Credit submitted by Lessee in accordance with Article 5 without prejudice to the other rights of Lessor under this Agreement.

For avoidance of doubt, if Lessor serves notice for termination in FY 2020-21, the Lessee shall pay annual lease rent prescribed for the FY 2021-22 as compensation and thereafter shall remove all property and fixtures belonging to Lessee from the Site.

13 **Dispute Resolution**

13.1 Amicable Settlement

- i. Either party is entitled to raise any claim, dispute or difference of whatever nature arising under, out of or in connection with this agreement ("Dispute") by giving a written notice (Dispute notice) to the other party, which shall contain:
- a. a description of the Dispute

- b. the grounds for such dispute; and
 - c. all written material in support of its claim.
- ii. The other party shall, within thirty (30) days of issue of Dispute notice under article (i), furnish:
 - a. counter –claim and defence , if any regarding the Dispute; and
 - b. all written material in support of its defences and counter-claim.
- iii. Within thirty (30) days of issue of Dispute notice by any party pursuant to Article 13.1(i) if other party does not furnish a counter claim or defence under article 13.1(ii) or thirty (30) days from the date of furnishing counter claims or defence by the other party, both the parties to the dispute shall meet to resolve such dispute amicably. If the parties fail to resolve the Dispute amicably within (30) days from the later dates mentioned in 13.1(iii), the dispute shall be referred for dispute resolution in accordance with Article 13.2

13.2 Dispute resolution by the Appropriate Commission/Govt., of Karnataka.

In the event that the parties are unable to resolve any dispute, controversy or claim relating to or arising under this Agreement, as stated above, the same shall be referred to the appropriate commission/GoK, such Dispute shall be submitted to adjudication of the State commission/State Govt.,i.e Karnataka Electricity Regulatory Commission/GoK.

13.3 Dispute resolution through Sole Arbitrator

If any dispute, controversy or claim relating to or arising under this Agreement, and not covered in Article 13.2, such Dispute shall be referred to the Sole Arbitrator i.e., Additional Chief Secretary to Government, Energy Department, Government of Karnataka and the award passed shall be binding on both the parties. The place of Arbitration shall be Bengaluru.

13.4 Dispute resolution by the Court of Law

Any legal proceedings in respect of any matters, claims or disputes under this agreement shall be under the jurisdiction of appropriate courts situated in the state of Karnataka.

14 Notice

All notices, consents and approvals to be given under this Agreement shall be in writing and signed by authorised signatories of the parties, unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered or served by registered mail/facsimile/speed post of Department of Posts with an acknowledgement due to the other parties to the last known place of business.

15 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of India.

16 Assignment

This agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be assigned by any party other than by mutual consent between the Parties to be evidenced in writing.

17 Amendments

Neither this Agreement nor any term, covenant, condition or other provisions hereof may be waived, amended, varied, modified, supplemented, discharged or terminated except by an instrument in writing, signed by a duly authorized officer on behalf of each of the Parties.

SCHEDULE "1"

Sl.No.	District	Taluk	Hobli	Village	Survey No.	Extent (Acres)
1.						
	Total Extent (Acres)					

SCHEDULE “2”

Annual Lease Rent for the Project in the Solar Park

Financial Year	Annual Lease Rent payable by Lessee to Lessor in INR per MW_{AC} excluding service tax
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Note: Along with the above annual lease rent, Lessee shall also pay applicable GST etc. as imposed by Central/State Govts., from time to time to Lessor in accordance with Article 4 from the date of Principal Lease Agreement.

IN WITNESS WHEREOF the Parties hereto have executed this Land Sub Lease Agreement as on the date written first herein above by the undersigned.

SIGNED AND DELIVERED
By the "Lessor"

Sign:
Name:
Authorized Signatory

Witnesses:

In the presence of:

1.

2.

SIGNED AND DELIVERED
By the "Lessee"

Sign:
Name:
Authorized Signatory

In the presence of:

1.

2.