**Agreement to Form a Private Limited Company for Joint Development of an Immovable Property**

THIS AGREEMENT made at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ this \_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 200\_\_\_\_ BETWEEN (1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and (4) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, all of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, Indian Inhabitants, having address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter collectively referred to as **“ABC GROUP”** (Which expression shall unless it be repugnant to the context of meaning thereof mean and include their respective heirs, executors, administrators and Assigns) of the ONE PART; AND
(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, (2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and
(3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ all of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Indian Inhabitants, having address at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, hereinafter collectively referred to as **“PQR GROUP”** (which expression shall unless it be repugnant to the context or meaning thereof mean and include their respective heirs, executors administrators and Assigns) of the OTHER PART.

**WHEREAS**:

(a) ABC GROUP is making efforts to obtain development rights
in respect of an immovable property situate at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and which is more particularly described in the **Schedule** hereunder written (hereinafter referred to as **“the said property”)** from its Owners.

(b) PQR GROUP has expertise in development of the immovable properties.

(c) The parties hereto have agreed to jointly develop the said property and for the said purpose have agreed to incorporate a Private Limited Company to give effect to the joint development of the property between them.

(d) The intention of the parties hereto is to jointly develop the said property and share the profits equally. The Private Limited Company is being incorporated for the sake of convenience and to give proper effect to the joint development of the said property by the parties hereto.

(e) The parties hereto are desirous of recording their agreement as to the purpose, shareholding, Directorship and Management of the Company.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as under:-

1. The parties shall incorporate a Private Limited Company in the State of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as **“the said Company”**) with the main object of developing the said property more particularly described in the Schedule hereunder written. The Parties hereto shall be the only subscribers to the Memorandum and Articles of Association of the said Company. The name of the proposed Company will be **“ABC-PQR REALTORS PVT. LTD”**. In case the said name is not approved by the Registrar of Companies or not available for registration, the parties hereto with mutual consent of each other would select another name.

2. The Memorandum and Articles of Association of the Company shall be approved by both the parties hereto and the same shall be subscribed by both the parties hereto. All expenses pertaining to the formation and incorporation of the Company shall be ultimately borne by the Company.

3. At all times, each of the “ABC Group” and “PQR Group” shall hold 50% of the authorized, issued, subscribed and paid up Share Capital of the Company and shall equally share the profits of the Company as shareholders. Each equity share of the Company will be of Rs. 100/- and the authorized and subscribed capital shall not exceed in all Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_/-. The allotment of Shares to parties hereto in accordance with this agreement shall be done simultaneously.

4. The Company shall be managed by Four Directors who shall be permanent Directors of the Company. The maximum number of Directors of the Company shall not exceed Four. Two Directors shall be nominated from each Group. The appointment of Directors shall be done simultaneously. One Director from PQR Group shall be the Chairman and One Director from ABC Group shall be the Vice-Chairman. In the event of tie in any meetings, the Chairman shall not have casting vote since the purpose of incorporation of the present Company is Joint Venture with equal rights. However, in the event of tie and/or difference the dispute shall be referred to the arbitration as set out hereinafter.

5. The Bank Account of the Company shall be operated under joint signatures of any two Directors one from “ABC Group” and one from “PQR Group”.

6. Since the intention of the parties hereto is the joint development of the said property as aforesaid, no party shall be entitled to transfer their shares to any outsiders or otherwise part with the beneficial ownership of their shares till such time the entire development of the said property is completed in all respect. Once the development of the said property is complete in all respect, if either party is desirous of selling their shares, they shall give a written notice by Registered A.D.Post to the other specifying the number of shares to be sold and the price thereof. If the Other Party does not accept such offer within 60 days of the receipt of the said notice, the offered shall thereafter be at liberty to sell such shares to any outside person but at a price not lesser than the price quoted in the Notice. However, in the event of death of any shareholder/director from any Group hereto, that Group shall be entitled to nominate any other person from their group only to take place of such deceased.

7. The PQR Group are having experience as Developers of immovable properties. Hence, they shall be responsible for development of the said property including obtaining all relevant sanctions, approvals and for completion of the construction. The Board of Directors shall appoint a person suggested by the PQR Group as the Building Contractor for the subject project provided the rates quoted by the said Contractor are found reasonable compared to the quotation received from other Contractors but such contractor should have adequate experience in the construction line.

8. The minimum selling price of the Premises to be constructed on the said property shall be as under:-

(a) Rs. \_\_\_\_\_\_\_\_\_\_/- per sq.ft. of built-up area for the ground floor;

(b) Rs. \_\_\_\_\_\_\_\_\_\_/- per sq.ft. of built-up area for the first floor;

(c) Rs. \_\_\_\_\_\_\_\_\_\_/- per sq.ft. of built-up area for the second floor; and

(d) Thereafter, there will be floor wise increase @ of
Rs. \_\_\_\_\_\_\_\_/- per sq.ft. per additional floor.

 All the premises shall be sold at market price quoted in that area at the material time but to safeguard the interest of the Company the minimum selling price is agreed. **PROVIDED, HOWEVER,** if the company is not able to sell the premises at the aforesaid minimum rates in that event parties shall mutually revise the minimum rates. **NOTWITHSTANDING** what is stated above, all agreements for Sale/Letters of Allotment shall be signed and executed by at least one Director from each group. In the event of any Director from any group refuses to sign any such agreement as aforestated, in that case, the Group desiring to sell the premises shall give a registered A.D. notice/hand delivery in writing to the other group to execute such agreement within 30 days of the receipt of such Notice and if the other group fails to execute the said agreement/s or to get a better price, within a period of notice, the Group giving such notice shall be at liberty to execute such agreement/s.

9. The PQR Group shall be entitled to nominate a person as professional consultant to the project and who shall be paid professional fees equal to 5% (five per cent) of the sale value of the units less the cost of land/FSI to the Owners, such payment shall be made, pro-rata, as the installments are received by the Company from the Purchasers. This amount shall be treated as business expenditure.

10. The entire cost of the development of the said property including payment of the price to the Owners of the said property shall be borne by the Company.

11. All the necessary finances required for the complete development of the said property shall be brought by parties in the company in equal proportion either by themselves or through their sources. The said finances shall carry interest at the rate of \_\_\_\_\_\_\_\_\_% per annum and which shall be paid by the Company at the end of every quarter.

12. The separate development agreement for developing the said property with the Owners is being arrived at. The said agreement shall be between the Owners and the said Company and shall always be deemed to and treated as for the benefit of the parties and of the said Proposed Company.

13. No major policy decision shall be taken by the Company unless both the parties agree to the same. The accounts of the company shall be reviewed by the Directors on quarterly basis.

14. The parties undertake to exercise their voting rights at Board Meetings and General Body Meetings and to uphold and effectuate the provisions of this Agreement.

15. The Articles of Association of the Company shall be consistent with the provisions of the Companies Act, 1956 and incorporate all the terms of this Agreement so as to govern the rights of the shareholding and Directorship with equal representation to both the Groups. However, in the event of any conflict between the terms of this agreement and the Articles of Association of the proposed Company, the provisions of this Agreement shall prevail. It is agreed that this Agreement between the parties shall always remain in full force and binding between the parties so as to govern their respective rights and obligations in the development of the said property notwithstanding the formation of the said company.

16. The agreement hereby arrived at shall be also binding upon the proposed company to be incorporated hereinafter.

17. In the event of any dispute or difference whatsoever between the parties concerning the interpretation of this Agreement or the rights and obligations of the Parties hereunder or relating to the affairs and management of the said Company, when incorporated and the rights and obligations of the parties in such Company the same shall be referred to the Arbitration under the law for the time being in force.

THE SCHEDULE ABOVE REFERRED TO:
(Give detailed description of the said property)

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands the day and year first hereinabove written.

SIGNED AND DELIVERED by the )

Within Named “ABC GROUP” )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

(2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

(3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; and )

(4) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

in the presence of ………. ………. )

SIGNED AND DELIVERED by the )

Within Named “PQR GROUP” )

(1) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, )

(2) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; and )

(3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ )

in the presence of …………. ……… )