**Preliminary Agreement to Form a Company to Purchase and Develop Property**

AGREEMENT is made between Mr. A, residing at... of the First Part, Mr. B. residing at... of the Second Part and Mr. C residing at... of the Third Part, as follows:

WHEREAS -

1.        The parties hereto propose to carry on business of buying and developing properties through the medium of a company limited by shares.

2.        The parties have negotiated with the owner of an immoveable property situate at... for the purchase thereof and the terms and conditions are also settled but no formal agreement for purchase is entered into.

3.        Before the said agreement is entered into it is necessary to enter into a formal promotion agreement between the parties hereto and which the parties hereby intend to do.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1.        The parties hereto agree to form and register a private company limited by shares with the main object of buying or otherwise acquiring immoveable properties, and selling them either as such or after developing them by construction of new buildings and selling or leasing flats and other premises therein on ownership basis or otherwise.

2.        The name of the Company will be... or such other name as the parties will agree to and will be approved by the Registrar of Companies.

3.        The initial nominal or authorised capital of the Company will be Rs.... divided into... equity shares of Rs. 1000/- each.

4.        The parties will get the Memorandum and Articles of Association prepared by M/s... Solicitors/Chartered Accountants and all other papers required to register the Company under the said Act.

5.        The Articles of Association will provide that the Parties hereto shall be permanent directors of the Company, without liability to retire and the number of directors will not be less than three and more than five. The remaining two directors will be appointed by the Parties hereto after registration of the Company if thought advisable and in the interest of the Company. The Articles will also provide for right of preemption to the Parties hereto or any of them if any of them or any other share holder desires to sell his shares at the valuation the basis of which will be provided in the Articles. Articles will also provide that none of the parties hereto will take any action for removal of any of the other of them as director. Articles will also make such other special provisions as may be agreed upon between the parties and with the advice of the legal adviser.

6.        Alter the execution of this agreement the parties hereto shall enter into an agreement for purchase of the said property situate at... with the owner thereof for the price of Rs.... agreed upon and containing all usual terms and conditions and such other terms as the legal adviser will think fit and will be agreed to by the Parties to such agreement. The earnest money required to be paid to the owner of the said property will be paid by the parties hereto in equal shares. The agreement will reserve the right of the parties hereto as purchasers to transfer the benefit of the said agreement to the nominees of the parties hereto including the proposed Company and to obtain the deed of conveyance in the name of the said Company.

7.        On the execution of the agreement to purchase the said property, the Parties shall get the proposed company registered under the Companies Act, 1956. The Memorandum and Articles of Association will be subscribed by the Parties hereto only and each of them will agree to take shares of the face value of Rs.... in cash to enable the company to purchase the said property.

8.        The further amount of capital required for developing the said property will be contributed by the parties hereto in equal shares in the form of debentures to be issued by the Company and the parties may also issue shares and/or debentures to a few friends of the parties hereto who may be interested in buying the same.

9.        On the registration of the Company the parties hereto shall get the agreement for purchase to be entered into by them with the owner of the said property adopted by the Board of Directors and if the completion of the purchase is expected to take some time after registration, the Parties hereto shall enter into an agreement with the Company for assigning the benefit of the said agreement for purchase by way of sub sale for the same price and on the same terms and conditions and such agreement will also be got approved by the Board of Directors.

10.     If by the time the Company is registered, the purchase of the said property is ready for completion, the parties hereto shall procure the deed of conveyance from the owner of the said property and any other persons found interested therein in favour of the Company direct and the parties hereto shall execute the same as confirming parties.

11.     All the expenses of and incidental to the said agreement and the conveyance including stamp duty and registration charges will be paid out of the funds of the Company.

12.     The parties agree that none of them will carry on directly or indirectly the said business of dealing in immoveable properties except through the said Company.

IN WITNESS WHEREOF the parties have put their hands the day and year first hereinabove written.

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| Signed and delivered by the | ) |
| withinnamed Vendor Mr. B in | ) |
| the presence of... | ) |
| Signed and delivered by the | ) |
| withinnamed Promoters X, Y & | ) |
| Z in the presence of | ) |