**DEED OF COMPOSITION TO PAY A COMPOSITION OF SEVENTYFIVE PER CENT IN INSTALMENTS TO A TRUSTEE ON BEHALF OF THE CREDITORS**

**THIS DEED** of composition is made at……………..on this……………..day of......20……………..between A son of……………..resident of……………..(hereinafter called "the Debtor") of the FIRST PART, B son of…………….. resident of……………..C son of resident of……………..(hereinafter called "the sureties") of the SECOND PART, Shri D son of……………..resident of..........(hereinafter called "the Trustee") of the THIRD PART and several persons, firms and companies whose names and seals and the amount of whose debts are subscribed, affixed and set out in the First Schedule hereto and all other creditors who shall assent to this deed of the FOURTH PART.

**WHEREAS**

(1) The debtor is unable to pay his debts in full to the creditors and he has offered to the creditors to pay them and each of them a composition of 75 paise in the rupee on the amount of and in full satisfaction of their debts payable by three instalments, the first of such instalments to be paid on or before……………..and second and third instalments to be payable on or before ……………..and……………..and the payment of such instalments to be secured by the sureties.

(2) The creditors have agreed to accept the said offer and to take the said composition in full discharge and satisfaction of their respective debts and claims against the debtor.

**NOW THIS DEED WITNESSETH AS FOLLOWS:**

(1) The debtor and the sureties covenant with the trustee and the creditors and each of them, that, the debtor and the said sureties will pay to the trustee for the creditors and each of them a composition of seventy-five paise in a rupee upon the amounts of their respective debts by three equal instalments, the first instalment to be paid on or before……………..and the second and third instalments to be paid on or before……………..and……………..

(2) In consideration of the premises, the creditors do and each of them doth hereby covenant that if and so long as the debtor or the said sureties shall pay the instalments of the said composition, the creditors or any of them or the trustee will not bring any suit, claim, action or proceeding whatsoever against the debtor.

(3) The creditors reserve their rights and remedies against any surety or sureties or parties other than the debtor liable to the creditors or any of them

(4) The creditors having mortgage, charge, lien, pledge or any other security on or over any property of the debtor for or in respect of their respective debts shall have right to realise and enforce any such security as fully and freely in all respects, as if they have not executed this deed.

(5) If the debtor and the sureties make default in payment of any instalment of the said composition in accordance with their covenant hereinbefore contained, the foregoing covenants of the creditors shall become void and of no effect and the creditors and each of them shall be entitled to exercise all such rights and remedies available to them as regards their respective debts, as they and each of them had never executed this deed, subject to giving credit for any instalment or instalments of the composition already paid.

**IN WITNESS WHEREOF**, the aforesaid parties have executed this deed.

**WITNESSES**

Debtor……………..

Sureties……………..

Trustee……………..

Creditors……………..

Schedule

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Sr. Name and Amount of Securities of Signature/seal

No. address of the debt the debt, of the creditor

creditor if any

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Debtor……………..

Date Sureties……………..

Trustee ……………..

Creditors……………..

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