**COMPOSITION DEED WITH CREDITORS FOR PAYMENT IN INSTALLMENT BY THE DEBTOR AND GUARANTOR**

This Deed of Composition is made on this \_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_/..

Between

MR.\_\_\_\_\_\_\_\_\_....................................,

 S/O ……………………………………………….

 RESI\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter called "the Debtor" which expression shall unless contrary to the context include his successors, legal representative and assigns) of the first part;

MR……………………………………………….,

 S/O………………………………………………,

RESI………………………………………………(hereinafter called "the Trustee" which expression shall unless contrary to the context include his successors, legal representative and assigns) of the second part;

MR……………………………………….……….

S/O.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

 RESI……………………………………………….(hereinafter called "the Guarantor" which expression shall unless contrary to the context include his successors, legal representative and assigns) of the third part,

And

all the various persons, firms and companies, as Creditors of the Debtor, whose names and seal are signed hereunder and affixed and the amount of debt owed to them is given in Annexure A to this document (hereinafter called "the Creditors" which expression shall unless contrary to the context include their successor, legal representative, heirs s and assigns as the case may be) of the fourth part:

Whereas

1. The Debtor is indebted to the Creditors to amounts as given in Annexure A hereto.

2. The Debtor is unable to pay the Creditors their debts in full and hence has proposed to pay to the Trustee a sum of Rs.\_\_\_\_\_\_\_\_\_\_\_\_ to be distributed among the Creditors in proportion to their debts respectively and that such sum may be received by the Creditors fully discharging their respective debts /claims against the Debtor;

3. The Guarantor has consented in joining this deed for guaranteeing the due payment of the said composition.

4. The Creditors have consented in accepting the offer of the Debtor and taking the said composition in fully discharging their respective debts and in consideration thereof, to grant to the Debtor the release hereinafter contained.

Now This Deed Witnesses as Follows:

1. The Debtor and the Guarantor hereby severally and jointly agree with the Trustee and the Creditors and each of them that the Debtor and the Guarantor or any one of them, shall within a period of three months from the date of execution of this deed pay or cause to be paid to the Trustee a sum of Rs. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ by way of equally quarterly payment. Each shall be payed by the ………………………… when this payment is due.

2. The Trustee in trust shall hold the said sum for the purpose as hereinafter stated.

3. The Trustee shall be possessing of the said sum of Rs.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on trust to distributing the among the Creditors whose names are set out in Annexure A hereto in proportion to their debts.

4. Shall be liable under this deed by virtue of time being allowed or indulgence granted to or by reason of any compromise /composition with the Debtor by the Trustee or the Creditor or any of them.

5. The Creditors hereby agree that till the Debtor or the Guarantor pays the quarterly installments in time they shall not bring legal proceedings or action against the Debtor. If this agreement contravened as covenant herein, this deed may be treated as a defense by the Debtor.

6. When the debts owed by the Debtor to the Creditors is fully paid, the Trustee shall certify this effect. Per certificate Trustee, the Debtor shall be discharged, released from all action, claim and demand respecting to debts owed by him.

7. In the eventuality of the Debtor not paying, caused to be paid to Trustee the said sum of Rs\_\_\_\_\_\_\_\_\_\_\_.\_\_\_\_, by the fixed time, the release of debts by the Creditors as aforesaid shall be nullity.

8. In case the Debtor is adjudged insolvent prior payment of the whole amount, in that case also the release of the said debts herein before contained shall be null and void and ineffective. In this eventuality the Creditors and each of them shall be free to exercise all such rights and remedies that they would have been entitled to, had this deed not been executed. 9. The release herein before contained is only in concerning the Debtor and shall not respect prejudice the rights of the Creditors or any of them against parties other than the Debtor, and the Creditors hereby expressly reserve all the rights and remedies against any such party /parties.

9. If any controversies shall emerge regarding any matter or things done under the foregoing enactments or otherwise in relation to this deed the same shall, if the parties do not agree, be referred to the arbitration of MR…………………………………………………\_S/O……………………………………….……………….

RESI \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The decision of the arbitrator shall be final and binding on the parties.

In Witness Whereof, the parties to this deed have scribed signed on the day and year above stated.

Witnesses:

1……………………………………………………… The Debtor

2……………………………………..………………. The Trustee

3……………………………………………………. The Guarantor

4………………………………………..………….. The Creditors

Annexure A hereinabove referred

S. No. Name ………………………………………….. Address………………………………………………………………………. of the Creditor Amount of Debt Due (in Rs.) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.