

## COMPOSITION DEED

**THIS DEED** is made at.....on this day of.....20...between A son of .....resident of.....(hereinafter called "the Debtor") of the FIRST PART and B son of .....resident of.....(hereinafter - called "the Trustee") of the SECOND PART and several persons, firms and companies who have executed this deed, whose names, extent of debts and signatures and seals appear in the First Schedule hereto and all other creditors of the debtor, who shall in writing or otherwise signify their assent to this deed (hereinafter called the "creditors") of the THIRD PART.

### Comment [P1]: Parties

Deed of composition with creditors appointment of a trustee

## WHEREAS

(1) The debtor is not able to pay his debts due to his creditors on account of losses in business and is willing to assign to the trustee all his movable and immovable assets more particularly described in the Second Schedule hereto for the benefit of creditors pro rata amongst them.

Comment [P2]: Debtor willing to assign his assets to the trustee

(2) The creditors have agreed to accept the proposal and the said composition and to absolve him from their respective debts on the terms and conditions set out herein.

Comment [P3]: Debtor's proposal accepted by creditors

## NOW THIS DEED WITNESSETH AS FOLLOWS:

(1) In pursuance of the said agreement and in consideration of the release hereinafter contained, the debtor as beneficial owner hereby assigns unto the Trustee all that the personal estate of the debtor, more particularly described in the Second Schedule hereto excepting the tools of his trade and the necessary wearing apparel and bedding of himself, his wife and children and to hold the said property hereby assigned unto the trustee and Subject to the trusts and conditions hereinafter contained.

Comment [P4]: Assignment of debtor's assets

(2) The trustee shall take possession of the properties, more particularly described in the Second schedule hereto, and sell and convert the said property into money and shall pay and apply the same as follows

Comment [P5]: Order of payment by trustee

- (a) (a) In payment of all costs, charges and expenses of and incidental to the realisation of the said property including the out-of-pocket expenses and fair charges and remuneration of the trustee and the salary of such person or persons (if any), as the trustee may think fit to employ to assist him in the realisation of the debtor's estate.
- (b) In payment of claims and demands, which would be payable as preferential claims.
- (c) In payment to the creditors of such dividends and at such times, as the trustee deems expedient, of all such debts and claims of the creditors and after such payments as aforesaid to pay over the surplus (if any), to the debtor or his successors in title.

(3) The trustee shall be empowered to give time for payment of any debts due to the debtor and to Compound, release any such debts or to accept payment for the same in instalments or by bills, notes or other negotiable instruments or in any other way which he may deem advantageous to the debtor's estate and to bring or defend and compromise or refer to

Comment [P6]: Trustee's powers

arbitration the disputes or other proceedings arising out of or in relation to or in respect of debtor's estate.

(4) The debtor will at all times give the trustee all the documents, information and assistance in his power to enable him to get in and realise the debtor's estate and for that purpose will execute and do all such assurances and things as may be required by the trustee.

**Comment [P7]:** Debtor to give information, documents to trustee

(5) The debtor hereby appoints the trustee to be his attorney on his behalf and in his name or otherwise to make, execute and sign any debtor deed, document or other instrument, which he may think necessary for effectually carrying this deed into execution.

**Comment [P8]:** Trustee to be attorney of

(6) The creditors do and each one of them cloth hereby release and discharge the debtor from all debts due from the debtor to them or any of them and from all actions, suits, claims, demands or other proceedings, whatsoever in respect thereof

**Comment [P9]:** Release of debtor by creditors

(7) The trustee may call a meeting of the creditors at such times and in such manner as he may think fit and the trustee shall have regard in the administration of the trusts hereby declared to the directions given by the creditors at such meetings.

**Comment [P10]:** Meeting of creditors

(8) If the debtor has concealed any part, his estate or effect to the value of Rs .....or if insolvency petition is filed against the debtor within three months after the date of this deed, or if the debtor shall- refuse or fail within..... days after being so requested by the trustee to assist the trustee in realising the trust property, then and in any of the said cases, this deed shall be void and of no effect and the creditors shall be at liberty to enforce their debts or the balances thereof against the debtor.

**Comment [P11]:** Deed be void, in certain circumstances

(9) In case the trustee shall resign or go out of India for a period exceeding.....months or die or shall refuse to act or become unfit to act from any cause whatever or in case the creditors shall desire to remove the trustee, the creditors shall have the power to appoint a new trustee of this deed in his place by a majority in number and three fourth in value of all the creditors at a meeting convened by the trustee or by any two or more creditors whose debts exceed Rs .....in value by a seven days notice sent by letter to all the creditors at their last known addresses

**Comment [P12]:** New trustee may be appointed by creditors

**IN WITNESS WHEREOF**, the parties have signed this deed in token of acceptance thereof,

- 1 . .....Debtor
  - 2 . .....Trustee
  - 3 . .....Creditors
  - 4 . ....."
  - 5 . ....."
  - 6 . ....."
  - 7 . ....."
- WITNESSES

First Schedule

Sr. No.	Name & Address of the creditor	Amt. due from debtor	Securities for the debtor, if any	Signature/ seal
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**Second Schedule**

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Signature of Debtor  
Signature of Trustee  
Signature of Creditors

